

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND  
SOUTHERN DIVISION

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**MOTION TO REFORM AND REAFFIRM FINAL ORDERS**

The Fourth Circuit largely affirmed the Court’s rulings and orders, while vacating only the equitable monetary judgment against Andris Pukke and Peter Baker “to the extent that judgment rests on Section 13(b).” DE 1377-1 at 35. Importantly, the Fourth Circuit also explained that because of the overlapping contempt judgments, this “does not in fact change the bottom line.” *Id.* at 36. It also upheld imposition of the Receiver as proper to effectuate the judgments, take possession of assets, compensate consumers, and prevent further transgressions. *Id.* at 39-40. More recently, this Court confirmed the Receiver’s control over the Receivership estate. DE 1398. Defendants nonetheless still clamor for control over the Receivership assets, including the land in Belize, so the Federal Trade Commission (“FTC”) asks the Court to enter the proposed order accomplishing, among other things, the following:

- **Ordering that all of the monetary provisions against Andris Pukke, Peter Baker, and John Usher in the 13(b) judgments are enforceable as a result of the contempt judgments against each of them.** The monetary provisions in DE 1194 and DE 1112, Section IV of both orders, are important and well within the Court’s contempt authority.
- **Confirming the monetary provisions against the Corporate Defendants<sup>1</sup> and The Estate of John Pukke remain in effect.** DE 1112, Section IV, includes important

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<sup>1</sup> This has the same meaning as the defined term “Corporate Defendants” in DE 1112, but does not include the following defendants who have separately settled: Atlantic International Bank Ltd., BG Marketing LLC, Ecological Fox LLC, Foundation Partners, Prodigy Management Group LLC, Belize Real Estate Affiliates LLC, Exotic Investor LLC, and Southern Belize Realty LLC.

provisions securing the Corporate Defendants' assets—most notably the land in Belize—in the Receivership.

These provisions are necessary to provide consumers with full redress. They are also required for at least three different reasons: (1) the contempt sanctions against Pukke, Baker, and Usher require them to turn over all assets that they control, including the Corporate Defendants and The Estate of John Pukke; (2) the Fourth Circuit did not vacate the monetary provisions in DE 1112; and (3) Section 19 of the FTC Act independently supports the monetary relief.

**I. PROCEDURAL STATUS: The Fourth Circuit Emphatically Affirmed Nearly all of the Court's Findings and Conclusions, Confirming that SBE Was a Fraud That Took Millions of Dollars from Consumers.**

The Court found, and the Fourth Circuit affirmed, that SBE was a massive fraud that took millions of dollars from American consumers. In its memorandum opinion, DE 1020, the Court made detailed factual findings documenting the fraud before issuing three related orders, the Contempt Order (DE 1113), the De Novo Order (DE 1194), and the Default Order (DE 1112). The Fourth Circuit affirmed the Court's orders, with the exception of vacating the 13(b) monetary relief against Pukke and Baker. But even there, the Fourth Circuit explained that because there are overlapping contempt sanctions, this does not change the result.

**A. The Court Found That SBE Was a Massive Fraud Operated by the Individual Defendants.**

Following trial, the Court found that Pukke, Baker, and Usher had controlled and operated the Sanctuary Belize Enterprise ("SBE") to perpetuate a massive fraud that that took more than \$120 million from consumers. The Court held that "a plethora of evidence" established that SBE sold Sanctuary Belize lots through unlawful deception, including making at least six different deceptive statements to induce consumers to purchase lots. DE 1020 at 87. SBE did so acting as a common enterprise, with no distinctions amongst the companies'

ownership, activities, or assets. *See, e.g.*, DE 1020 at 79-80 (discussing shared ownership and control); *id.* at 81 (detailing evidence of shared activities and assets, including an email claiming “ONE TEAM ONE DREAM” and another from Pukke saying “WE ARE ALL ONE TEAM!!!”) (emphases in originals); *id.* at 82 (accountant testifying that all money flowed through account in the name of GPA).

The Court also left no doubt who was in control of SBE. The Court found that Pukke held a “commanding position in SBE” with “massive evidence” confirming his total control. DE 1020 at 98. Indeed, “an ‘ocean of evidence,’ including testimony from SBE employees, underscores the fact that Pukke was de facto in charge of SBE[.]” DE 1020 at 91. The Court explained that “he was effectively the Chief Executive Officer in control of the entire Sanctuary Belize Operation,” with authority to divert SBE’s assets “for his own benefit and that of his friends and family.” DE 1020 at 23, 45, 95 (“Finally, what could constitute more compelling evidence of Pukke’s control over SBE finances than his ability to divert approximately \$18 million of consumer lot payments for his own benefit and that of his family and friends?”); *id.* at 95 (Pukke had an owner’s draw account). Pukke also had control over the land in Belize, both controlling SRWR (the Belizean entity ostensibly holding the land) and at times appearing on SRWR’s board under the alias Marc Romeo. *See, e.g.*, DE 1020 at 75 fn.37 (discussing Pukke’s authority over SRWR and its board of directors). As to the Estate of John Pukke, the Court recognized that it received funds courtesy of Pukke and that Pukke asserted control over the entity as executor. DE 1020 at 46 & 144. The FTC questioned Pukke about his ownership and control over each of the Corporate Defendants as well as The Estate of John Pukke,<sup>2</sup> with Pukke pleading the Fifth each time. DE 967 ¶ 566 (FTC’s proposed findings of fact citing to Pukke’s

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<sup>2</sup> *See* Exhibit 8 at 154 (Pukke pleading the Fifth regarding his control over The Estate of John Pukke’s finances).

testimony during the preliminary injunction hearing). The Court held that it was drawing adverse inferences against Pukke. DE 1020 at 97 fn.45 (“However, just to be sure, the Court does draw negative inferences against Pukke in respect of any and all matters as to which he has asserted the Fifth Amendment privilege.”).

In turn, Baker claimed to be Pukke’s “partner” and was, in his own words, the “top guy” for the Belizean operations, including the landholding entities. DE 1020 at 103 & 104 (“I run the development”). Baker was the official owner of the California-based companies. DE 1020 at 99-101. Baker also claims he held 70% of the shares of the Belizean entities, although he claims he holds some of these shares for others, including Pukke. DE 1020 at 91 & 99. Baker was also SRWR’s “Chairman.” DE 1020 at 99. *See also* DE 1020 at 103 (Pukke and Baker determining who would be on the SRWR board). Confirming Baker’s position as a control person (albeit subordinate to Pukke), when Usher attempted to assert ownership and control in 2016, he was beaten back by both Pukke and Baker and had his own role reduced. DE 1020 at 94 & 105. As the Court concluded, Baker “clearly had authority to control and at times, participated directly in the deceptive practices.” DE 1020 at 109

Usher, in turn, was a part owner of the Belizean entities through a “handshake” agreement with Baker, identifying himself as Pukke’s and Baker’s partner in correspondence. DE 1020 at 133. Usher was also the relevant, official control person for the SBPOA. DE 1020 at 133. As the Court concluded, “not only does this demonstrate that Usher had authority to control SBE as the director of SRWR and SBPOA; he in fact captained SBE’s litigation efforts against the IOSB lot owners in Belize, during which he and SBE falsely and infamously denied to the Belizean Court the true extent of Pukke’s involvement with the project.” DE 1020 at 134.

If all this were not enough, it would be curious indeed if some combination of Pukke, Baker, and Usher were not still in control given that they are obviously controlling the continuing litigation on behalf of these entities, who have at various points referred to themselves as either “the Pukke Defendants,” “the Pukke Appellants,” or “the Pukke-Baker-Usher Appellants.” DE 1391;<sup>3</sup> Fourth Circuit Case No. 20-2215, DE 40 & 107. *See also* Exhibit 2 (counsel for the Defendants writing Pukke, Baker, and Usher regarding how to control the Corporate Defendants). As the Court noted in the context of Pukke’s previous attempt to represent the Corporate Defendants when he was *pro se*, one “ponders why [they] would attempt to oppose default judgment on behalf of the . . . Corporate Defendants . . . unless [they have] some interest in those entities.” DE 1020 at 91 fn.42.

**B. The Court Issued Three Orders: The Contempt Order, the De Novo Order, and the Default Order.**

As a result of these findings, the Court entered three orders providing complementary relief. Because this Court’s order in *AmeriDebt* prohibited Pukke, Baker, and Usher from deceptive practices in connection with telemarketing, the Court held them in contempt. DE 1020 at 164-65 (the Court’s reasoning); DE 1113 (Contempt Order). The Contempt Order states that “Pukke, Baker and Usher must, within thirty (30) days, transfer to the FTC \$120.2 million.” DE 1113 ¶ 4. This obligation is “ongoing” and “[t]heir failure to comply, in whole or in part, may

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<sup>3</sup> The Court should require the so-called Pukke Defendants to state who this includes and have the lawyers establish their authority to represent them because their filings have inconsistently identified their clients, even including settled parties who it would be inappropriate for them to file on behalf of. The Court can compare the listing of their clients in their appellate brief, Fourth Circuit Case No.20-2215 DE 40 at 2-25 (disclosure statements), with DE 1384 (including Luke Chadwick, a settled defendant, among a different list of defendants), with the Notice of Electronic Filing for 1391, Exhibit 3 (purportedly filed on behalf of yet a different set of defendants including some they could not represent such as Ecological Fox LLC and “Southern Blaze Realty, LLC,” [presumably Southern Belize Realty LLC] both of which are settled defendants with no current interest in the litigation, *see* DE 668 & 1341). These lawyers have already had issues in this Court regarding their representation. *See* DE 1248-50, 1253, 1255-56, 1259, 1262-63.

subject them to additional coercive contempt remedies until they shall have complied or taken appropriate steps to comply.” DE 1113 ¶ 6.

The Court also issued the De Novo Order against Pukke, Baker, and Chadwick, although Chadwick later settled. DE 1194 (De Novo Order); DE 1341 (Chadwick settlement). This order contains many important provisions, including: (1) permanently banning Pukke from any “Real Estate Good or Service,” DE 1194, Section I; (2) banning Baker from any future involvement with Sanctuary Belize or Kanantik, DE 1194, Section I; and (3) ordering Pukke and Baker to pay the FTC, for the benefit of consumers, \$120.2 million, DE 1194, Section IV.

The monetary relief section includes further injunctive provisions facilitating the monetary relief against Pukke and Baker and prevents them from harming consumers moving forward, including requiring them to turn over all assets they own or control, such as the land in Belize, to either the FTC or the Receiver. DE 1194, Section IV.B (ordering Pukke and Baker to “transfer to the FTC within thirty (30) days all Assets (other than personal use real estate) *subject to the direct or indirect control of Pukke [or] Baker*”) (emphasis added); Section IV.C (specifying that Pukke and Baker forfeit all rights to any assets previously provided to the Receiver); Section IV.D (ordering Pukke and Baker to “take all steps possible or necessary to transfer to the Receiver all Assets that Pukke [or] Baker . . . *own or control, directly or indirectly, or which are held for their benefit*”) (emphasis added). The De Novo order also maintains the freeze on Pukke’s and Baker’s assets that predate the filing of this case or are derived from actions or assets that predate the filing of this case. DE 1194, Section V.E.

Because Usher and the non-settling Corporate Defendants never appeared to defend themselves, the Court also issued the Default Order. DE 1112. Like the De Novo Order, it contains many similar important provisions, including: (1) banning the Corporate Defendants

from any “Real Estate Good or Service,” DE 1112, Section I; (2) banning Usher from any future involvement with Sanctuary Belize or Kanantik, DE 1112, Section I; and (3) ordering Usher and the Corporate Defendants to pay the FTC, for the benefit of consumers, \$120.2 million, DE 1112, Section IV.<sup>4</sup> Like the De Novo Order, it has additional provisions requiring that assets be turned over to the FTC or the Receiver and maintaining the existing asset freeze. DE 1112, Section IV.D (relinquishing rights); Section IV.E (transfers to the FTC); Section IV.F-H (transfers to the Receiver); DE 1112, Section V.D (asset freeze). Usher is also prohibited from “entering, doing business with, obtaining membership with, or otherwise attempting to take part in or interfere with the developments known as Sanctuary Belize or Kanantik, or any subsequent development on all or part of the same land.” DE 1112, Section IV.I.

Importantly, Pukke, Baker, Usher, and the Corporate Defendants are all subject to either full-scale real estate bans or, more specifically, bans preventing further involvement with, or presence in, Sanctuary Belize or Kanantik. As a result, none can operate or control Sanctuary Belize or Kanantik. Nonetheless, they have continued to claim that all the Receivership assets, including the Belizean developments, must be returned to them. DE 1391 at 3. Tellingly, recent correspondence from the Defendants’ attorneys to Pukke, Baker, and Usher, forwarded to a friend of Pukke’s and then produced to the FTC in response to a subpoena, shows that the Defendants know they are legally precluded from operating Sanctuary Belize. Exhibit 2 (“There is also going to be a question as to who runs the company because the injunction that still stands prohibits you all from running Sanctuary Bay. Someone needs to be in charge. Alphonso Bailey?”).<sup>5</sup>

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<sup>4</sup> The Estate of John Pukke has a smaller judgment of \$830,000. DE 1112, Section IV.B.

<sup>5</sup> Sanctuary Belize used to be known as Sanctuary Bay. *See* DE 1020 at 4 n.1.

**C. The Fourth Circuit Affirmed the Court’s Factual Findings and Nearly All of the Court’s Legal Conclusions.**

“The findings made by the district court show that Pukke’s Belizean business venture was *dishonest to the core*. The district court correctly surmised that this sort of deception lies at the heart of what the FTC is empowered to seek out and stop.” DE 1377-1 at 35 (emphasis added); *see also* DE 1377-1 at 18 (“[T]he district court found ample evidence of violative and contumacious conduct[.]”). Considering the sales of Sanctuary Belize lots, the Fourth Circuit affirmed that “many promises were made but not kept.” DE 1377-1 at 18. As to Pukke, the Fourth Circuit concluded he “has repeatedly harmed and deceived people despite direct injunctions forbidding these very acts.” DE 1377-1 at 30-31.

More specifically, the Fourth Circuit affirmed the contempt judgment against Pukke, Baker, and Usher, determining the Court’s “findings are supported by an abundance of evidence and show no hint of an abuse of discretion.” DE 1377-1 at 28. The Fourth Circuit commented that “[t]he district court found ample proof that Pukke misled consumers with multiple misrepresentations,” and that he and his “comrades” did so while “aware of their contumacious conduct.” DE 1377-1 at 32. It also rejected the Defendants’ argument that this Court did not make sufficient findings to support monetary relief: “Contrary to the argument that no findings were made to justify the \$120.2 million amount, the judge carefully justified his holding. Thus, the district court did not abuse its discretion in holding Pukke, Baker, and Usher in contempt, and for the foregoing reasons we affirm.” DE 1377-1 at 33.

The Fourth Circuit also determined “it is clear” that the Defendants violated the FTC Act and the TSR through their various deceptive statements. DE 1377-1 at 34-35. It further held that *AMG Capital Management v. FTC*, 141 S.Ct. 1341 (2021), contrary to the Defendants’ arguments, did not impair the injunctive relief, and so affirmed all of the relief except for the



Section 13(b) monetary judgment in the De Novo Order. DE 1377-1 at 36. Even as to the monetary relief in the De Novo Order, the Fourth Circuit only vacated it “to the extent that judgment rests on Section 13(b),” not addressing and, therefore, leaving open application of Section 19 of the FTC Act. DE 1377-1 at 35; *see also* DE 1273 at 17-22 (ECF pagination) (FTC motion explaining liability under Section 19). Because the Fourth Circuit had already affirmed the contempt judgment, it found no reason to consider alternative bases, explaining that because “the \$120.2 million order can be upheld under the contempt judgment, [] *AMG* does not in fact change the bottom line.” DE 1377-1 at 36.

Turning to the default judgment, the Fourth Circuit began by explaining that entry of a default judgment and denial of a Rule 60(b) motion to vacate a default judgment are reviewed for abuse of discretion. DE 1377-1 at 36. Regarding the default judgment: “This is a clear-cut case for default judgment, and the court conscientiously laid out the evidence supporting the same.” DE 1377-1 at 37. The Court then addressed the Defendants’ arguments regarding *AMG* and found no abuse of discretion:

Usher and the corporate defendants now assert that the \$120.2 million judgment against them must be thrown out under *AMG Capital*. As noted, *AMG* requires vacating the \$120.2 million equitable monetary judgment, but **the default judgments are upheld because the district court did not abuse its discretion** and *AMG* does not affect the injunctive relief granted in each default judgment.

DE 1377-1 at 38 (emphasis added). The FTC sought clarification, in anticipation of the Defendants’ likely arguments that some part of the Default Order was vacated, but the Fourth Circuit declined to provide it. Fourth Circuit Case No. 20-2215, DE 108.

The Fourth Circuit rejected arguments that the injunctions in the De Novo and Default Order are overbroad, stating they “are appropriately tailored to prevent similar scams in the

future. Appellants ‘must remember that those caught violating the [FTC] Act must expect some fencing in.’” DE 1377-1 at 44 (quoting *FTC v. Nat’l Lead Co.*, 352 U.S. 419, 431 (1957)).

The Fourth Circuit also addressed the Receivership and determined it was an appropriate exercise of this Court’s authority. It explained that the Receiver had been appointed to take possession of the Defendants assets, manage and ultimately liquidate them, and then disburse proceeds to the FTC. DE 1377-1 at 39. The Fourth Circuit approved, explaining that “the receiver was ancillary to effectuating the permanent injunctions,” and that it would not countenance Pukke’s request that the Receiver’s appointment be nullified because “to do so here would remove one of the tools in the court’s kit used to effectuate its judgments, compensate victims, and stop further transgressions.” DE 1377-1 at 40.

Notably, the Fourth Circuit concluded by stating they “appreciate the district court’s exemplary work on this complex and long-running litigation.” DE 1377-1 at 45.

## **II. ARGUMENT**

As the Fourth Circuit recognized, its ruling “does not in fact change the bottom line.” DE 1377-1 at 36. The Contempt Order separately supports all of the monetary relief against Pukke, Baker, and Usher.<sup>6</sup> Importantly, because Pukke, Baker, and Usher control the Corporate Defendants and The Estate of John Usher, the Contempt Order supports the Default Order’s provisions requiring that these entities and their assets be relinquished or transferred to the Receiver. These same provisions also remain enforceable because the Fourth Circuit did not vacate the default FTC Act judgment against the Corporate Defendants or The Estate of John Pukke. Additionally, because the Fourth Circuit left open whether Section 19 of the FTC Act separately supports all the FTC Act judgments, the Court can and should hold that it does so,

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<sup>6</sup> The Fourth Circuit said so: “[T]he \$120.2 million order can be upheld under the contempt judgment[.]” DE 1377-1 at 36.

thus conclusively preserving this important relief. There are additional possibilities for preserving the monetary relief against the Defendants (the Corporate Defendants and The Estate of John Pukke in particular), including additional contempt motions and amending the complaint, but those would likely take significantly longer to complete. This litigation began more than four years ago and the longer it continues, the less assets there will be to provide consumer redress. Therefore, ruling quickly and comprehensively is of paramount concern.

**A. The Contempt Order Supports the Monetary Relief Originally Included in the De Novo and Default Orders Against Pukke, Baker, and Usher.**

Although it is self-evident that the Contempt Order still requires Pukke, Baker, and Usher to transfer \$120.2 million to the FTC, the De Novo and Default Orders' specific turnover and reporting provisions are necessary and important. The De Novo and Default Orders include particular and easily enforceable provisions requiring Pukke, Baker, and Usher to take precise steps to transfer specific assets, including placing assets in the Receivership for the benefit of consumers, consistent with the Fourth Circuit's ruling. *See* DE 1194, Sections IV.B (requiring Pukke and Baker to turn over certain assets to the FTC and requiring reports if they retain certain assets); IV.C (specifying that Pukke and Baker have relinquished all rights to assets previously "transferred in fact or by operation of law" to the Receiver); IV.D (requiring Pukke and Baker to turn over certain other assets to the Receiver as well as make monthly reports to the FTC and the Receiver regarding their assets and income so that the FTC and Receiver can determine compliance with the monetary relief); DE 1112, Sections IV.D (Usher relinquishing rights to all assets "transferred in fact or by operation of law" to the Receiver); IV.E (requiring Usher to transfer certain assets to the FTC and requiring reports if he retains certain assets); IV.F (requiring Usher to transfer certain assets to the Receiver); IV.H (requiring Usher to transfer certain other assets to the Receiver, including all rights he may have to Sanctuary Belize or

Kanantik).<sup>7</sup> These provisions are important, not least because Pukke, Baker, and Usher have seemingly taken the position that they no longer have affirmative duties to transfer assets to the FTC or the Receiver.

These provisions remain enforceable because the Court has “broad discretion” to determine the appropriate remedy for civil contempt. *In re Gen. Motors Corp.*, 61 F.3d 256, 259 (4th Cir. 1995) (citing *McComb v. Jacksonville Paper Co.*, 336 U.S. 187, 193-94 (1949)). This includes ordering whatever “is necessary to effect compliance with [the Court’s] decree,” which can include “a variety of acts,” *Jacksonville Paper Co.*, 336 U.S. at 193-94, such as “fines, imprisonment, receivership, and a broader category of creative, nontraditional sanctions,”<sup>8</sup> in addition to a compensatory sanction equal to the amount consumers paid. *FTC v. BlueHippo Funding, LLC*, 762 F.3d 238, 244-45 (2d Cir. 2014) (full consumer redress owed as contempt sanction); *FTC v. EDebitPay, LLC*, 695 F.3d 938, 945 (9th Cir. 2012) (same). As this Court has recognized, this power also includes injunctive relief necessary to correct prior contumacious behavior and prevent it from continuing in the future. *Schwartz v. RentAWreck of Am.*, 261 F. Supp. 3d 607, 617 (D. Md. 2017) (Messitte, J.).

This power, therefore, is at least as the broad as the Court’s prior power to grant redress under Section 13(b) of the FTC Act and separately empowers the Court to issue the same monetary relief—including specific turnover and receivership provisions—contained in the De

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<sup>7</sup> There are also injunctive provisions in Section IV of the Default Order that are still supported by Section 13(b). For instance, Section IV.I prohibits Usher “from entering, doing business with, obtaining membership with, or otherwise attempting to take part in or interfere with the developments known as Sanctuary Belize or Kanantik[.]” See also DE 1112, Section IV.J (preventing Usher from entering Sanctuary Belize). These provisions are necessary to ensure compliance with Section I of the Default Order, which enjoins Usher, a Belizean, “from any involvement with Sanctuary Belize or any future incarnation, and the development known as ‘Kanantik’[.]” These provisions would survive even if the Court were to deny this motion.

<sup>8</sup> *FTC v. Neovi, Inc.*, No. 06-CV-1952, 2012 WL 2859987, at \*2 (S.D. Cal. July 11, 2012) (quoting *United States v. Tennessee*, 925 F. Supp. 1292, 1303 (W.D. Tenn. 1995)).

Novo and Default Orders. The Fourth Circuit expects this result, explaining in its opinion that “the \$120.2 million order can be upheld under the contempt judgment[,]” DE 1377-1 at 36, and that the Receivership remains in place to help the Court effectuate its judgment and compensate the victims. *Id.* at 40. Similarly, in the original *AmeriDebt* proceedings, the Court held Pukke and Baker in contempt and then, while exercising its contempt authority, ordered them to turn over their interests in various assets to a receiver. *AmeriDebt*, DE 571. Other courts have also imposed receiverships, frozen assets, and required defendants to turn over assets to effectuate contempt remedies. *See, e.g., SEC v. Hickey*, 322 F.3d 1123, 1131 (9th Cir. 2003) (“The district court in this case was authorized to freeze the assets of the Brokerage, so long as doing so was necessary to protect and give life to the disgorgement and contempt orders already entered against Hickey); *FTC v. Gill*, 183 F. Supp. 2d 1171, 1186 & 1190 (C.D. Cal. 2001) (appointing receiver to “wind down and terminate the corporation” that contemnor used to violate the order and ordering contemnor to turnover assets to the FTC); *SEC v. Bilzerian*, 127 F. Supp. 2d 232, 232-34 (D.C. Cir. 2000) (same in SEC contempt action), *aff’d*, 75 F. App’x 3 (D.C. Cir. 2003); *FTC v. Data Medical Capital Inc.*, No. 99-cv-1266, DE 339 (C.D. Cal. April 8, 2010) (Exhibit 4, attached hereto).<sup>9</sup>

**B. The Contempt Order Requires That the Corporate Defendants and The Estate of John Pukke be Seized and Liquidated to Compensate Victims.**

Pukke, Baker, and Usher’s obligations include turning over all rights to the Corporate Defendants and The Estate of John Pukke as well as those entities’ assets. Helpfully, these obligations are already detailed in Section IV of the Default Order. These obligations remain enforceable because the Contempt Order does not impose a mere money judgment, but instead

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<sup>9</sup> *See also SEC v. Levine*, 671 F. Supp.2d 14, 36 (D.D.C. 2009) (appointing receiver as a contempt sanction); *SEC v. Universal Express Inc.*, No. 04-2322, 2007 WL 2469452, at \*12 (S.D.N.Y. Aug. 31, 2007) (appointing receiver following contempt because there was “no one who is responsible, willing, and able to manage” the company at the heart of the contempt).

requires Pukke, Baker, and Usher to turn over all assets that they control. These obviously include the Corporate Defendants and The Estate of John Pukke.

Specifically, the Court ordered both that Pukke, Baker, and Usher “must, within thirty (30) days, transfer to the FTC \$120.2 million,” and that this is an “ongoing obligation[.]” such that “failure to comply, in whole or in part, may subject them to additional coercive contempt remedies[.]” DE 1113 ¶¶ 4 & 6. Failure to comply with such a provision is contempt of court. *Jacksonville Paper Co.*, 336 U.S. at 194-95 (failure to comply with order to make payments is contempt of court); *De Simone v. VSL Pharmaceuticals, Inc.*, 36 F.4th 518, 530 (4th Cir. 2022) (failure “to take ‘all reasonable steps’ to ensure compliance” with a court order results in contempt) (emphasis added by court) (quoting *United States v. Darwin Const. Co., Inc.*, 873 F.2d 750, 755 (4th Cir. 1989)); *SEC v. Moss*, 644 F.2d 313, 315-16 (4th Cir. 1981) (failure to comply with turnover provision is civil contempt with only defense being inability to comply); *Davis v. Davis*, No. 20-cv-609, 2022 WL 2110410, at \*5-6 (E.D.N.C. June 10, 2022) (failure to pay attorney fees award is contempt where contemnor had the ability to at least partially comply); *SEC v. Bilzerian*, 112 F. Supp. 2d 12, 26-27 (D.D.C. 2000) (failure to comply with disgorgement order enforceable through contempt and finding that assets held in the name of others but controlled by the defendant does not result in an inability to comply), *aff’d*, 75 F. App’x 3 (D.C. Cir. 2003).

Because this requirement is enforceable by contempt, the only defense is an inability to pay—meaning the Defendants must show that they cannot turn over or relinquish these assets. *United States v. Rylander*, 460 U.S. 752, 757 (1983) (“Where compliance is impossible, neither the moving party nor the court has any reason to proceed with the civil contempt action. It is settled, however, that in raising this defense, the defendant has a burden of production.”); *Moss*,

644 F.2d at 316 (self-serving testimony insufficient to meet contemnor's burden of establishing inability to comply); *First Mariner Bank v. Resolution Law Group, P.C.*, No. 12-1133, 2014 WL 1681986, at \*2 (D. Md. Apr. 28, 2014) (a mere affidavit does not meet the burden). Even if attempting to make out such a defense, a contemnor "must pay what he or she can." *SEC v. Musella*, 818 F. Supp. 600, 602 (S.D.N.Y. 1993). Importantly, because the only defense is impossibility, it does not matter if the Defendants claim they do not legally own the Corporate Defendants. Control is all that matters. *See Hickey*, 322 F.3d at 1131-32 (contempt authority extended to assets controlled by debtor but legally owned by his mother); *Bilzerian*, 112 F. Supp. 2d at 26-27 (requiring contemnor to turnover assets ostensibly held by third-parties); *FTC v. Kutzner*, No. 16-cv-999, 2017 WL 11632849, at \*11-12 (C.D. Cal. Dec. 18, 2017) (seizing property held by third party controlled by debtor).

Some combination of Pukke, Baker, and Usher controls the Corporate Defendants, The Estate of John Pukke, and their assets. Each has claimed some amount of legal ownership of these entities. But, more importantly, the Court's prior findings already establish that Pukke, Baker, and Usher control these assets.<sup>10</sup> For example, the Court found that Pukke had a "commanding" position within the common enterprise, including the ability to divert funds for his own personal benefit. A recent email produced to the FTC in response to a subpoena highlights their control, with their current attorneys asking Pukke, Baker, and Usher how to assert control over these assets and use a third party to hide their involvement. *See Exhibit 2*. Instead, Pukke, Baker, and Usher must relinquish or transfer these assets to the Receiver for the benefit of consumers. Or, more, simply, the Court can clarify that these assets are already the Receiver's by operation of law.

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<sup>10</sup> Or at least they did so before the Receiver asserted control in November 2018 through the temporary restraining order.

The proceedings in *FTC v Trudeau* are instructive. As here, the FTC prevailed in holding Kevin Trudeau in contempt of an order preventing deceptive marketing. 662 F.3d 947, 949-50 (7th Cir. 2011). Also as here, the court entered and approved a monetary sanction equal to the amount that consumers paid. *Id.* at 950. But, Trudeau refused to turn over assets. As a result, the court held Trudeau in contempt for failing to pay the contempt sanction. *See FTC v. Trudeau*, No. 03-cv-3904, DE 729 (N.D. Ill. July 26, 2013) (Exhibit 6); *id.*, DE 713 (FTC’s proposed findings of fact and conclusions of law, adopted by the court) (Exhibit 5). To ensure compliance with that contempt order, the court created a receivership over Trudeau’s assets, including companies that he controlled but claimed not to own. *Id.*, DE 742 (Exhibit 7).

As in *Trudeau*, this Court can place all assets that Pukke, Baker, and Usher control in a receivership and otherwise require them to turn over all assets they control to comply with their monetary contempt sanctions. Here, these assets include the Corporate Defendants and The Estate of John Pukke. The FTC, therefore, asks the Court to enter the proposed order stating that all the Default Order provisions requiring the Corporate Defendants and their assets be either relinquished or transferred to the FTC or Receiver are separately supported by the Contempt Order against Pukke, Baker, and Usher.

**C. The Monetary Relief in the Default Order Remains Because the Fourth Circuit Did Not Vacate Its Monetary Relief.**

The Fourth Circuit meant what it wrote: “[T]he default judgments are upheld because the district court did not abuse its discretion[.]” DE 1377-1 at 38. Put differently, if the monetary relief in the default judgment was inappropriate, the Fourth Circuit would have needed to hold that this Court, in fact, *did* abuse its discretion. The FTC does not hide from the Fourth Circuit’s unfortunate phrasing—stating just prior to this holding that it had “as noted” already vacated the equitable monetary judgment. However, because it held that this Court did not abuse its



discretion, the only conclusion to be drawn is that the Fourth Circuit was referring to the equitable monetary judgment against Pukke and Baker, vacated earlier in the opinion. *See* DE 1377-1 at 35 (“*AMG* does indeed render invalid the \$120.2 million equitable monetary judgment, at least to the extent that judgment rests on Section 13(b).”). Foreseeing the Defendants’ likely position, the FTC sought clarification, which the Fourth Circuit did not provide, either for or against the FTC’s position.<sup>11</sup> This simply leaves both parties with the Fourth Circuit’s opinion that the Court “did not abuse its discretion” entering the default judgments.

The Fourth Circuit’s intention not to vacate the monetary relief becomes crystal clear in context. The Defendants moved this Court under Rule 60(b) to vacate the Default Order’s monetary relief based on *AMG*, and they appealed this Court’s denial of that motion. *See* DE 1267 (motion); DE 1278 (denial), DE 1377-1 at 36 (denial of 60(b) motion was on review on an abuse of discretion standard). So, the Fourth Circuit’s later statement that the “default judgments are upheld because the district court did not abuse its discretion” applies to the Defendants’ 60(b) motion as well, which related only to the monetary relief. Also, prior panel decisions from the Fourth Circuit require this result because a change in law is not a basis for relief from a monetary judgment under Rule 60(b)(5). DE 1278 at 2 (incorporating the arguments made by the FTC in DE 1272, including that binding Fourth Circuit precedent precluded relief under Rule 60(b)).<sup>12</sup> A contrary holding would have, therefore, been a procedurally improper *sub silentio* overruling of Fourth Circuit precedent.

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<sup>11</sup> Fourth Circuit Case No. 20-2215, DE 103 (motion); DE 108 (order, stating only “Upon consideration of submissions relative to the Federal Trade Commission’s motions for clarification or, in the alternative, petition for panel rehearing, the court denies the motions.”).

<sup>12</sup> *See, e.g., Dowell v. State Farm Fire & Cas. Auto Ins. Co.*, 993 F.2d 46, 48 (4th Cir. 1993) (“A decisional change in the law subsequent to the issuance of a final judgment, especially, as here, where the earlier judgment is neither *res judicata* nor provides collateral estoppel, does not provide a sufficient basis for vacating the judgment under Rule 60(b)(5).”)

Other parts of the Fourth Circuit’s opinion also show that it expected the monetary provisions to survive. For instance, in discussing the Receivership, the Fourth Circuit affirmed this Court’s creation of the Receivership, including the Receiver’s role in “liquidat[ing] those assets” and “ensuring . . . Pukke would not continue to profit from these deceptions.” DE 1377-1 at 39 & 40; *see also id.* at 42-43 (affirming the ongoing asset freeze). The Fourth Circuit also praised the Court for its “exemplary work,” *id.* at 45, which would be an odd thing to do if it believed the Court had abused its discretion in imposing monetary relief against the Corporate Defendants or in refusing to vacate that relief after *AMG*. The Fourth Circuit’s opinion simply is not consistent with any expectation that assets would be returned to the Defendants’ control or that this Court made any significant errors. As the Fourth Circuit stated, its ruling “does not in fact change the bottom line.” *Id.* at 36.

**D. Section 19 of the FTC Act Also Supports the Monetary Relief Against All of the Defendants.**

Alternatively, the Court could simply reimpose all of the monetary relief against Pukke, Baker, Usher, the Corporate Defendants, and The Estate of John Pukke pursuant to Section 19 of the FTC Act. The FTC previously explained why it would be entitled to this relief in DE 1273. The FTC hereby renews this request and incorporates the arguments made in DE 1273, pages 17-35 (ECF pagination). In brief, Section 19 provides relief identical to that previously available under Section 13(b) because the Defendants violated the Telemarketing Sales Rule when they deceptively marketed Sanctuary Belize over the phones, and Federal Rule of Civil Procedure 54(c) requires courts to grant plaintiffs the relief they are entitled to even if they did not specifically plead or seek it. 15 U.S.C. § 57b(a)(1) (authorizing lawsuit for violations of rules); 15 U.S.C. § 57b(b) (authorizing “such relief as the court finds necessary to redress injury to consumers”); Fed. R. Civ. P. 54(c) (“Every other final judgment should grant the relief to which

each party is entitled, even if the party has not demanded that relief in its pleadings.”); DE 1377-1 at 33-36, 38-39 (affirming that the Defendants violated the TSR).

There are no viable defenses. As detailed in DE 1273, the face-to-face exemption does not apply at all. DE 1273 at 22-26 (ECF pagination). The Defendants may claim a statute of limitations applies, but the Fourth Circuit has already rejected limitations arguments, citing the continuing nature of the Defendants’ unlawful conduct. DE 1377-1 at 42 (rejecting application 28 U.S.C. § 2462 to the contempt motions, reasoning that “[e]ven if the statute of limitations did apply, it has not run. The district court found that Pukke’s contumacious and violative conduct ran from the early 2000s up through 2018 when the FTC brought suit. . . . Thus, the FTC’s suit was within the five-year period, and the judgments are not time-barred”). Section 19 relief is also not foreclosed by the Fourth Circuit’s ruling, particularly given that it never actually vacated the monetary relief against the Corporate Defendants. And, even when vacating the FTC Act monetary judgment against Pukke and Baker, the Fourth Circuit did so only “to the extent that judgment rests on Section 13(b).” DE 1377-1 at 35.

Since the FTC filed that earlier motion, other courts have reached similar conclusions or otherwise provided the FTC with monetary relief pursuant to Section 19 based on the same standards previously employed under Section 13(b). In *Credit Bureau Center*,<sup>13</sup> after the Seventh Circuit vacated the Section 13(b) judgment, the district court relied on Rule 54(c) to reimpose the same judgment under Section 19, rejecting arguments that the FTC had waived the ability to seek relief under Section 19 by not previously pleading or seeking such relief. *FTC v. Credit Bureau Center, LLC*, 2021 WL 4146884, \*5-6, 9-10, & 12 (N.D. Ill. Sept. 13, 2021). Other courts have similarly imposed monetary relief under Section 19 based on the same

---

<sup>13</sup> *Credit Bureau Center* was the companion case to *AMG* before the Supreme Court.

standards as previously available under Section 13(b): measured by the defendants' net revenues and without requiring proof that "every consumer was injured[.]" *See United States v. Mylife.com Inc.*, 567 F. Supp. 3d 1152, 1170-71 (C.D. Cal. 2021); *cf. FTC v. Simple Health Plans LLC*, --- F.4th ---, 2023 WL 465660, at \*5 (11th Cir. Jan. 27, 2023) (holding that Section 19 supports ancillary injunctive relief such as asset freezes and receiverships).

**E. While There Are Yet Other Potential Solutions, Time Is of the Essence.**

Stating that time is of the essence is an understatement. Through no fault of the Receiver, managing this estate is expensive. As the Receiver has reported, it costs approximately \$200,000 per month to manage the land in Belize. DE 1379-3 at 14 (ECF pagination) (detailed Sanctuary Belize and Kanantik management costs). These are necessary costs to preserve this asset, but they deplete the cash reserves that will be used to provide redress to consumers. So, while there are other ways of ensuring assets must be turned over to the Receiver and liquidated for the benefit of consumers, they are likely to take longer and are, therefore, likely to reduce the amount of actual justice that consumers will obtain. For completeness, these time-suboptimal options include: (1) filing new contempt motions specifically against the Corporate Defendants and (2) amending the complaint to pursue Section 19 claims against the Corporate Defendants. While principles of collateral estoppel and the amount of evidence already before the Court should reduce the time that would otherwise be required to pursue these solutions, they undoubtedly would take longer and be more complicated than the solutions discussed above. As a result, they would be more expensive—meaning they would reduce consumers' recovery.

**III. CONCLUSION**

To ensure that consumers receive timely and meaningful relief, the FTC asks the Court to sign the proposed order (1) using the Court's contempt authority and contempt sanction against Pukke, Baker, and Usher to reimpose the same monetary relief against them from the De Novo

and Default Orders; (2) holding that the monetary relief against the Corporate Defendants remains enforceable because it was never vacated or is otherwise required as a result of the contempt sanction against Pukke, Baker, and Usher; and (3) holding that Section 19 of the FTC Act separately supports the original monetary relief in DE 1194 and DE 1112. Doing so quickly and comprehensively should provide the cleanest and quickest path to a conclusion in this litigation.

Dated: January 31, 2023

Respectfully Submitted,

/s/ Benjamin J. Theisman

Jonathan Cohen (jcohen2@ftc.gov)

Benjamin J. Theisman (btheisman@ftc.gov)

Christopher J. Erickson (cerickson@ftc.gov)

Federal Trade Commission

600 Pennsylvania Ave., N.W., CC-9528

Washington, DC 20580

202-326-2551 (Cohen); -2223 (Theisman); -3167  
(Erickson)

*Counsel for the Federal Trade Commission*

**Certificate of Service**

I hereby certify that on January 31, 2023, I caused to be served the foregoing, and all related documents, through the Court's electronic filing system ("ECF") and otherwise on the following people and entities by email at the email addresses provided:

Gary Caris and James E. Van Horn, counsel for the Receiver, by ECF or at gcaris@btlaw.com and jvanhorn@btlaw.com;

John B. Williams, by ECF or at jbwilliams@williamslopatto.com, counsel for Defendants;

Neil H. Koslowe, by ECF or at nkoslowe@potomaclaw.com, counsel for Defendants;

Shon Hopwood and Kyle Singhal, by ECF or at shon@hopwoodsinghal.com and kyle@hopwoodsinghal.com, counsel for proposed intervenors

/s/ Benjamin J. Theisman

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND  
SOUTHERN DIVISION

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**DECLARATION OF BENJAMIN J. THEISMAN PURSUANT TO 28 U.S.C. § 1746**

I, Benjamin J. Theisman, hereby state that I have personal knowledge of the facts set forth below and am competent to testify about them. If called as a witness, I could and would testify as follows:

1. I am a United States citizen over the age of 18.
2. I am counsel for the Federal Trade Commission (“FTC”) in the above-captioned litigation.
3. The FTC issued a subpoena to an individual named Brian Maller seeking, among other things, copies of any communications he has had with the Defendants in this matter. On January 13, 2023, Mr. Maller made a production. After noticing that some of these documents appeared to be copies of email correspondence originally sent by the Defendants’ counsel to the Defendants, and then forwarded to Mr. Maller by Andris Pukke, the FTC stopped reviewing these materials and notified counsel for the Defendants on January 17, 2023. Not hearing anything further from counsel for the Defendants, I and my colleague at the FTC, Christopher Erickson, then spoke with Mr. Maller on January 19, 2023. Mr. Maller told us that he had provided all of the emails he produced to the FTC to John Williams, one of the lawyers for the Defendants. Mr. Maller also said that Mr. Williams had told him that the emails were not privileged. Additionally, Mr. Maller stated that he has no business relationship with Mr. Pukke, is merely Mr. Pukke’s friend, and received emails from Mr. Pukke about the case in his role as a friend. I then sent an email to Mr. Williams informing him that the FTC was taking the position that these emails were not privileged and that, if he disagreed, he would need to inform the FTC promptly or the FTC would begin reviewing those emails. **Exhibit 1** is an accurate copy of my email correspondence with Mr. Williams. The FTC never received a response from Mr. Williams or any other person disputing this position.
4. **Exhibit 2** is an accurate copy of an email that Mr. Maller produced to the FTC and that he received from Mr. Pukke on November 29, 2022.
5. **Exhibit 3** is an accurate copy of an email “Notice of Electronic Filing” I received regarding DE 1391 in this matter. It includes in the list of filers the following entities that I understand have previously settled: Belize Real Estate Affiliates, LLC, Ecological Fox, LLC, Exotic Investor, LLC, Foundation Partners, Prodigy Management Group, LLC, and “Southern Blaze Realty, LLC” (which I understand to mean Southern Belize Realty,

LLC). It also includes as a filer non-party Mango Springs Development Ltd. – Belize, as well as an individual named Garrett Smith, who I understand to be counsel for the plaintiffs in a related class action but otherwise unrelated to this litigation and to the current defendants.

6. **Exhibit 4** is an accurate copy of the Contempt Judgment as to Bryan D’Antonio, The Rodis Law Group, Inc., America’s Law Group, and The Financial Group, Inc., from *FTC v. Data Medical Capital, Inc. et al.*, SA-CV-99-1266 AHS (EEx), DE 339 (C.D. Cal. April 8, 2010).
7. The following exhibits are all filings from *FTC v. Kevin Trudeau*, No. 03-cv-3904 (N.D. Ill.):
  - a. **Exhibit 5** is an accurate copy of Plaintiff’s Proposed Findings of Fact and Conclusions of Law, DE 713 (filed on July 15, 2013);
  - b. **Exhibit 6** is an accurate copy of an Order, DE 729 (filed on July 26, 2013); and
  - c. **Exhibit 7** is an accurate copy of Order Appointing a Receiver and Implementing Ancillary Relief, DE 742 (filed on August 7, 2013).
8. **Exhibit 8** is an accurate excerpt of a transcript of a deposition of Andris Pukke that took place on February 19, 2019.

I declare under penalty of perjury that the foregoing is true and correct.

Executed in the United States of America, this 31<sup>st</sup> day of January 2023.

/s/ Benjamin J. Theisman  
Benjamin J. Theisman



# **Exhibit 1**

**From:** [Theisman, Benjamin](#)  
**To:** [jbwilliams@williamslopatto.com](mailto:jbwilliams@williamslopatto.com)  
**Cc:** [Erickson, Christopher](#); [Neil Koslowe](#)  
**Subject:** RE: In re Sanctuary Belize Litigation, Brian Maller  
**Date:** Thursday, January 19, 2023 2:55:21 PM

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John,

Following up on this, it would appear that these documents are not privileged and that there is no reason for the FTC to avoid reviewing them. If you disagree, please let me know as soon as possible and provide a time for us to discuss. Otherwise, we will begin reviewing these documents tomorrow.

Regards,

**Benjamin J. Theisman**

Federal Trade Commission  
Bureau of Consumer Protection--Division of Enforcement  
600 Pennsylvania Ave., NW  
Washington, DC 20580  
(202) 326-2223

---

**From:** Theisman, Benjamin  
**Sent:** Tuesday, January 17, 2023 12:39 PM  
**To:** [jbwilliams@williamslopatto.com](mailto:jbwilliams@williamslopatto.com)  
**Cc:** Erickson, Christopher <[cerickson@ftc.gov](mailto:cerickson@ftc.gov)>; Neil Koslowe <[nkoslowe@potomaclaw.com](mailto:nkoslowe@potomaclaw.com)>  
**Subject:** In re Sanctuary Belize Litigation, Brian Maller

John,

Thanks for talking earlier. As discussed, Brian Maller produced a small number of emails that appear to be messages that you or Neil Koslowe sent to Andris Pukke, who then forwarded those messages to Mr. Maller. Prior to our call, we had stopped reviewing any of these messages pending conversations with you. We understand that you are going to reach out to Mr. Maller, who we also understand that you do not represent, or at least do not do so currently. Please let us know if that changes.

Moving forward, we will need to discuss whether the messages from you or Mr. Koslowe to Mr. Pukke are privileged given that we received them from Mr. Maller.

Please let me know when we can talk further.

Regards,

**Benjamin J. Theisman**

Federal Trade Commission

Bureau of Consumer Protection--Division of Enforcement

600 Pennsylvania Ave., NW

Washington, DC 20580

(202) 326-2223

# **Exhibit 2**

**From:** [Andris pukke](mailto:Andris.pukke)  
**To:** [brian@clresourcesinc.com](mailto:brian@clresourcesinc.com)  
**Subject:** Fwd: Fourth Circuit Order Denying FTC's Motion  
**Date:** Tuesday, November 29, 2022 10:05:23 PM

---

Sent from my iPhone

Begin forwarded message:

**From:** Andris pukke <[ekkup@msn.com](mailto:ekkup@msn.com)>  
**Date:** November 29, 2022 at 5:35:48 PM PST  
**To:** "John B. Williams" <[jbwilliams@williamslopatto.com](mailto:jbwilliams@williamslopatto.com)>, John Usher <[cotingabz59@gmail.com](mailto:cotingabz59@gmail.com)>, Peter Baker <[peterbakerx@gmail.com](mailto:peterbakerx@gmail.com)>  
**Cc:** Neil Koslowe <[nkoslowe@potomaclaw.com](mailto:nkoslowe@potomaclaw.com)>  
**Subject:** **Re: Fourth Circuit Order Denying FTC's Motion**

Awsome news! Finally, something positive. Looking forward to discussing it with you guys. What time tomorrow works for a call?

Thanks again!

---

**From:** John B. Williams <[jbwilliams@williamslopatto.com](mailto:jbwilliams@williamslopatto.com)>  
**Sent:** Tuesday, November 29, 2022 5:31 PM  
**To:** Andi Pukke <[ekkup@msn.com](mailto:ekkup@msn.com)>; John Usher <[cotingabz59@gmail.com](mailto:cotingabz59@gmail.com)>; Peter Baker <[peterbakerx@gmail.com](mailto:peterbakerx@gmail.com)>  
**Cc:** Neil Koslowe <[nkoslowe@potomaclaw.com](mailto:nkoslowe@potomaclaw.com)>  
**Subject:** Fwd: Fourth Circuit Order Denying FTC's Motion

Some good news—at last.

As you know, the FTC asked the fourth circuit to clarify or reconsider its order because, in the FTC's view, it had improperly vacated the "equitable monetary judgments" against the defendants. The fourth circuit has now denied that motion. This means that both the money judgments and the order to take over the property that were issued under 13(b) have been vacated. So while the money judgments for contempt still stand (and we are seeking rehearing on that) there is no longer any order entitling the FTC to the Sanctuary Bay assets—including the property.

Obviously the FTC will try to play some games with Messitte—but at the end of the day, the AMG decision requires the property to now be returned to the companies.

What this should mean is the the companies will have money—although for now the money cannot go to you guys. But, Peter, in response to your question, the company should now have money to hire lawyers.

There is also going to be a question as to who runs the company because the injunction that still stands prohibits you all from running Sanctuary Bay. Someone needs to be in charge. Alphonso Bailey?

Neil and I can talk tomorrow.

John

**From:** Neil Koslowe <[nkoslowe@potomacclaw.com](mailto:nkoslowe@potomacclaw.com)>  
**Subject:** Fourth Circuit Order Denying FTC's Motion  
**Date:** November 29, 2022 at 6:02:33 PM EST  
**To:** "John B. Williams" <[jbwilliams@williamslopatto.com](mailto:jbwilliams@williamslopatto.com)>

# **Exhibit 3**

**From:** [MDD\\_CM-ECF\\_Filing@mdd.uscourts.gov](mailto:MDD_CM-ECF_Filing@mdd.uscourts.gov)  
**To:** [MDDdb\\_ECF@mdd.uscourts.gov](mailto:MDDdb_ECF@mdd.uscourts.gov)  
**Subject:** Activity in Case 1:18-cv-03309-PJM In re Sanctuary Belize Litigation Response to Motion  
**Date:** Thursday, December 29, 2022 3:49:06 PM

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**This is an automatic e-mail message generated by the CM/ECF system. Please DO NOT RESPOND to this e-mail because the mail box is unattended.**

**\*\*\*NOTE TO PUBLIC ACCESS USERS\*\*\*** Judicial Conference of the United States policy permits attorneys of record and parties in a case (including pro se litigants) to receive one free electronic copy of all documents filed electronically, if receipt is required by law or directed by the filer. PACER access fees apply to all other users. To avoid later charges, download a copy of each document during this first viewing. However, if the referenced document is a transcript, the free copy and 30 page limit do not apply.

**U.S. District Court**

**District of Maryland**

### **Notice of Electronic Filing**

The following transaction was entered by Koslowe, Neil on 12/29/2022 at 3:47 PM EST and filed on 12/29/2022

**Case Name:** In re Sanctuary Belize Litigation  
**Case Number:** [1:18-cv-03309-PJM](#)  
**Filer:** Peter Baker  
Belize Real Estate Affiliates, LLC  
Buy Belize, LLC  
Buy International, Inc.  
Eco-Futures Belize Limited  
Eco-Futures Development  
Ecological Fox, LLC  
Exotic Investor, LLC  
Foundation Development Management Inc.  
Foundation Partners  
Global Property Alliance, Inc.  
Mango Springs Development Ltd. - Belize  
Newport Land Group, LLC.  
Power Haus Marketing  
Prodigy Management Group, LLC  
Andris Pukke  
Sanctuary Belize Property Owners' Association  
Sittee River Wildlife Reserve  
Garrett Smith  
Southern Blaze Realty, LLC  
The Estate of John Pukke  
John Usher

**Document Number:** [1391](#)



**Docket Text:**

**RESPONSE to Motion re [1390] MOTION Confirming Receiver's Control Over Assets by letter as directed by the Court filed by Peter Baker, Belize Real Estate Affiliates, LLC, Buy Belize, LLC, Buy International, Inc., Eco-Futures Belize Limited, Eco-Futures Development, Ecological Fox, LLC, Exotic Investor, LLC, Foundation Development Management Inc., Foundation Partners, Global Property Alliance, Inc., Mango Springs Development Ltd. - Belize, Newport Land Group, LLC., Power Haus Marketing, Prodigy Management Group, LLC, Andris Pukke, Sanctuary Belize Property Owners' Association, Sittee River Wildlife Reserve, Garrett Smith, Southern Blaze Realty, LLC, The Estate of John Pukke, John Usher.(Koslowe, Neil)**

**1:18-cv-03309-PJM Notice has been electronically mailed to:**

Barry Joel Pollack bpollack@kramerlevin.com, litigation-5766@ecf.pacerpro.com

Benjamin Theisman btheisman@ftc.gov

Bruce Hamilton Searby bruce.searby@gmail.com

Charles L Kreindler ckreindler@sheppardmullin.com

Charles Neilson Curlett, Jr ccurlett@curlettlaw.com

Cheryl Feeley cheryl.feeley@hkllaw.com, deborah.peters@hkllaw.com

Christopher J Erickson cerickson@ftc.gov

Claire Elizabeth Carroll ccarroll@munsch.com, tsmith@munsch.com

Denise Elizabeth Giraudo dgiraudo@sheppardmullin.com, cbrooks@sheppardmullin.com

Dietrich Snell dsnell@proskauer.com

Elizabeth Jeker Averill eaverill@ftc.gov

Gary Owen Caris gcaris@btlaw.com, rynita.sutton@btlaw.com, slmoore@btlaw.com

James Bradford McCullough jbmccullough@lercheary.com

James E Van Horn jvanhorn@btlaw.com, ddelk@btlaw.com, sherry.martin@btlaw.com

Janet Dean Gertz jgertz@btlaw.com

John B Williams jbwilliams@williamslopato.com

Jonathan A Cohen jcohen2@ftc.gov, cdorsey@ftc.gov, sjeong@ftc.gov

Joseph Dowell Edmondson , Jr jedmondson@foleylaw.com

Joshua Michael Robbins jrobbins@ggtriallaw.com

Kyle Singhal kyle@hopwoodsinghal.com

Lee C Douthitt ldouthitt@proskauer.com, lee-douthitt-7794@ecf.pacerpro.com

Neil H Koslowe nkoslowe@potomaclaw.com

Patrick Bradford pbradford@piercebainbridge.com

Peter P Hardin phardin@ggtriallaw.com

Ross H Parker rparker@munsch.com, sglenn@munsch.com, tsmith@munsch.com

Shon R Hopwood shon@hopwoodsinghal.com

Todd Michael Reinecker treinecker@pilieromazza.com, bkaanehe@pilieromazza.com

**1:18-cv-03309-PJM Notice will not be electronically delivered to:**

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1046883720 [Date=12/29/2022] [FileNumber=11160214-0] [55f763f92afc3f2cf45e0592bbcdf7895c90c8b86df65eb33ba0b582b4ebfddc1656a17357ab9a3b9b3d6f7ab2a33a730e7a89056b215ce0dd2120cba0d6e18c]]

# **Exhibit 4**

1 NOTE: CHANGES MADE BY  
2 THE COURT

JS-6

3  
4  
5  
6  
7  
8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

10 **Federal Trade Commission,**

SA-CV-99-1266 AHS (EEx)

11  
12 Plaintiff,

13 v.

14 **Data Medical Capital, Inc., et al.,**

**Contempt Judgment as to Bryan  
D’Antonio, The Rodis Law Group,  
Inc., America’s Law Group, and The  
Financial Group, Inc.**

15  
16 Defendants.  
17

18 The Court, having issued its Order Adjudicating Contempt Defendants in  
19 Contempt of Court and Findings of Fact and Conclusions of Law in Support  
20 Thereof (“Findings of Fact and Conclusions of Law”) on January 15, 2010,  
21 which found Contempt Defendants Bryan D’Antonio, The Rodis Law Group, Inc.  
22 (“RLG”), America’s Law Group (“ALG”), and The Financial Group, Inc.  
23 (“TFG”) dba Tax Relief ASAP (collectively, “Contempt Defendants”) in  
24 contempt of the Stipulated Final Judgment entered by this Court on July 13,  
25 2001, and on March 16, 2010, after supplemental briefing and argument by the  
26 parties at a March 1, 2010 hearing, having assessed civil contempt sanctions,  
27 finding Contempt Defendants to be jointly and severally liable in the amount of  
28 \$11,406,681, now enters its Contempt Judgment as follows.

1           **IT IS HEREBY ORDERED** that:

2           A.     Judgment is entered, jointly and severally, against Contempt  
3 Defendants Bryan D'Antonio, The Rodis Law Group, Inc., America's Law  
4 Group, and The Financial Group, Inc. dba Tax Relief ASAP in favor of the FTC  
5 in the amount of eleven million four hundred and six thousand six hundred and  
6 eighty-one dollars (\$11,406,681) as a compensatory contempt remedy for their  
7 violation of the 2001 Stipulated Final Judgment, and is immediately due and  
8 payable. The Commission is authorized to execute upon the judgment  
9 immediately and engage in discovery in aid of execution.

10           B.1.   Contempt Defendants shall be deemed to have relinquished to the  
11 Commission all right, title, and interest in all Receivership Assets, and shall take  
12 any steps necessary to turn over such assets to the Commission or Receiver.

13           B.2.   Defendant Bryan D'Antonio shall be deemed to have relinquished to  
14 the Commission all right, title, and interest in any personal assets subject to the  
15 asset freeze imposed by the Court's May 27, 2009 Temporary Restraining Order,  
16 as modified by the Court's June 22, 2009, Preliminary Injunction Order,  
17 including, but not limited to, D'Antonio's TD Ameritrade account ending in no.  
18 3427 and all assets and funds contained in said account. D'Antonio shall take  
19 any steps necessary to turn over such assets to the Commission.

20           C.     Any funds received by the FTC pursuant to the foregoing shall be  
21 deposited into a fund administered by the FTC or its representative to be used for  
22 consumer compensation, including any attendant expenses for the administration  
23 of such a compensation fund. In the event that direct compensation to consumers  
24 is wholly or partially impracticable or funds remain after compensation is  
25 completed, the Commission may apply any remaining funds for such equitable  
26 relief (including consumer information remedies) as it determines to be  
27 reasonably related to Defendants' practices alleged in the Complaint. Any funds  
28 not so used shall be deposited to the U.S. Treasury as equitable disgorgement.

1 Contempt Defendants shall have no right to challenge the FTC's choice of  
2 remedies or the manner of distribution.

3 D. The Judgment is compensatory in nature, and not a fine, penalty,  
4 punitive assessment, or forfeiture.

5 **IT IS FURTHER ORDERED** that the freeze of Contempt Defendants'  
6 assets, including the assets of the Receivership Defendants and the assets of  
7 Bryan D'Antonio, shall remain in effect, except as necessary for the Receiver to  
8 liquidate all Receivership Assets, until all frozen assets have been transferred to  
9 the Commission or the Receiver and the Receiver winds up all activities and  
10 operations of the Receivership Defendants pursuant to provisions herein. The  
11 asset freeze is modified to permit transfers to the Commission pursuant to this  
12 Contempt Judgment and, upon completion of those transfers, the asset freeze  
13 shall be dissolved.

14 **IT IS FURTHER ORDERED**, that Robb Evans & Associates, LLC is  
15 appointed as permanent receiver, with the full power of an equity receiver, for the  
16 Receivership Defendants, and of all the funds, properties, premises, accounts and  
17 other assets directly or indirectly owned, beneficially or otherwise, by the  
18 Receivership Defendants, with directions and authority to accomplish the  
19 following:

20 A. Maintain full control of the Receivership Defendants;

21 B. Maintain custody, control, and possession of all assets and  
22 documents, including the funds, property, premises, accounts, mail and other  
23 assets of, or in the possession or under the control of, the Receivership  
24 Defendants, wherever situated, the income and profits therefrom, and all sums of  
25 money now or hereafter due or owing to the Receivership Defendants, with full  
26 power to collect, receive and take possession of all assets and documents,  
27 including goods, chattels, rights, credits, monies, effects, lands, leases, books and  
28 records, work papers, and records of accounts, including computer-maintained

1 information, contracts, financial records, monies on hand in banks and other  
2 financial institutions, and other papers and documents of the Receivership  
3 Defendants and customers of the Receivership Defendants whose interests are  
4 now held by or under the direction, possession, custody, or control of the  
5 Receivership Defendants;

6 C. Continue performing all acts necessary to locate and preserve the  
7 value of those assets, in order to prevent any irreparable loss, damage or injury to  
8 customers of the Receivership Defendants, and all acts incidental thereto;

9 D. Enter into agreements in connection with the administration of the  
10 Receivership Estate, including, but not limited to: (1) the retention and  
11 employment of outside investigators, attorneys or accountants of the Receiver's  
12 choice to assist, advise, and represent the Receiver with approval of the Court; (2)  
13 the movement and storage of any equipment, furniture, records, files, or other  
14 physical property of the Receivership Defendants; and (3) the retention of  
15 auctioneers or other professionals to assist in the liquidation of the Receivership  
16 Defendants' assets;

17 E. Institute, prosecute, compromise, adjust, intervene in or become  
18 party to such actions or proceedings in state, federal, or foreign courts that the  
19 Receiver deems necessary and advisable to preserve or increase the value of the  
20 Receivership Estate, or that the Receiver deems necessary and advisable to carry  
21 out the Receiver's mandate under this Order, and likewise to defend, compromise,  
22 or adjust or otherwise dispose of any and all actions or proceedings instituted  
23 against the Receiver or the Receivership Defendants that the Receiver deems  
24 necessary and advisable to preserve the assets of the Receivership Defendants or  
25 that the Receiver deems necessary and advisable to carry out the Receiver's  
26 mandate under this Order;

27 F. Liquidate assets of the Receivership Defendants and all assets  
28 transferred to the Receiver in accordance with the terms of this Order or any prior

1 or subsequent order of this Court, and to transfer receivership property to storage  
2 facilities, cancel leases, and reject and enter contracts; and

3 G. To execute all bills of sale and deeds to personal and real property  
4 belonging to or coming into the possession of the Receivership Defendants.

5 H. Immediately enforce any contempt judgment in this matter executed  
6 by the Court by taking all necessary or appropriate post-judgment collection  
7 steps, including but not limited to obtaining and levying writs of execution and  
8 creating, perfecting and enforcing judgment liens on any real or personal property  
9 of the Contempt Defendants.

10 **IT IS FURTHER ORDERED** that, to the extent they are not inconsistent  
11 with this Order, all powers granted to the Receiver pursuant to the Court's  
12 Preliminary Injunction Order of June 22, 2009, shall remain in full force and  
13 effect.

14 **IT IS FURTHER ORDERED** that the Receiver shall liquidate all assets  
15 of the Receivership Defendants and wind up all activities and operations of the  
16 Receivership Defendants and their subsidiaries and affiliated entities. Upon  
17 approval and in accordance with an order of the Court, the Receiver shall transfer  
18 to the Commission or its agent all funds in the Receivership Estate, less unpaid  
19 fees and expenses as allowed by the Court.

20 **IT IS FURTHER ORDERED** that the Receiver and those it employs are  
21 entitled to reasonable compensation for the performance of their duties pursuant  
22 to this Order and for the costs of actual out-of-pocket expenses incurred by them,  
23 from the Receivership Defendants' assets held by or in the possession or control  
24 of, or which may be received by, the Receiver or the Receivership Defendants.  
25 The Receiver may pay its non-member employees and independent contractors  
26 on an ongoing basis.

27 **IT IS FURTHER ORDERED**, that the Receiver shall, if it has not  
28 already done so, file its final application for fees with respect to the Receivership



1 Defendants within 180 days of the execution of this Order, unless good cause is  
2 shown to extend the receivership beyond 180 days. The Receiver's final  
3 application for fees for the Receivership Defendants shall be served upon the  
4 parties through counsel. Plaintiff may object within 15 days of receipt, but  
5 Contempt Defendants shall have no right to object. Upon submission of the  
6 Receiver's final application or upon entry of this Contempt Judgment, whichever  
7 is later, and subject to the terms set forth in the provisions herein, the receivership  
8 shall terminate.

9 **IT IS FURTHER ORDERED**, that Contempt Defendants shall cooperate  
10 fully with the Receiver in: (A) pursuing any and all claims by the Receiver  
11 against other persons or entities; (B) assisting the Receiver in defending any and  
12 all actions or claims brought against the Receiver, the Receivership Estate or the  
13 Receivership Defendants by other persons or entities; (C) executing any  
14 documents necessary to transfer assets or ownership interests to the Receiver  
15 pursuant to the terms of this Order; and (D) refraining from any act that would  
16 interfere or impede the Receiver in execution of the performance of its duties.

17 For the purposes of this Judgment, the following definitions shall apply:

- 18 1. ***“Receiver”*** means Robb Evans & Associates, LLC.
- 19 2. ***“Receivership Assets”*** means all funds and other assets of Contempt  
20 Defendants RLG, ALG, and TFG subject to the asset freeze in the Court’s May  
21 27, 2009 Temporary Restraining Order, as modified and continued by the Court’s  
22 June 22, 2009 Preliminary Injunction, including but not limited to assets  
23 identified by the Receiver in its June 16, 2009 Report of Temporary Receiver’s  
24 Activities for the Period of May 27, 2009 through June 12, 2009, and all copies  
25 of any paper or electronic customer files and records of Contempt Defendants.
- 26 3. ***“FTC”*** or ***“Commission”*** means the Federal Trade Commission.
- 27 4. ***“Receivership Defendants”*** means Contempt Defendants Bryan  
28 D’Antonio, RLG, ALG, and TFG.



# **Exhibit 5**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS**

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|                           |   |                          |
|---------------------------|---|--------------------------|
| FEDERAL TRADE COMMISSION, | ) |                          |
|                           | ) |                          |
| Plaintiff,                | ) | Case No. 03-C-3904       |
|                           | ) |                          |
| v.                        | ) | Hon. Robert W. Gettleman |
|                           | ) |                          |
| KEVIN TRUDEAU,            | ) |                          |
|                           | ) |                          |
| Defendant.                | ) |                          |
|                           | ) |                          |
|                           | ) |                          |

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**PLAINTIFF'S PROPOSED FINDINGS OF FACT AND  
CONCLUSIONS OF LAW**

## **PROPOSED FINDINGS OF FACT**

### **I. PRIOR PROCEEDINGS**

- A. In September 2007, the FTC filed a motion to hold Trudeau in contempt for violating the Stipulated Final Order in the underlying action by airing blatantly deceptive infomercials for his diet book, *Weight Loss Cure*. DE62. In November 2007, the Court held Trudeau in contempt. DE93.
- B. The Court imposed a \$37.6 million compensatory contempt sanction against Trudeau, based on the total amount of consumer loss he caused. Specifically, the Court stated: “*Trudeau is ordered to pay forthwith to plaintiff the sum of \$37,616,161.*” Corrected Supplemental Order at 13-14, DE372 (emphasis added). The Seventh Circuit affirmed the Supplemental Order in November 2011. *FTC v. Trudeau*, 662 F.3d 947 (7th Cir. 2011).
- C. On June 2, 2010, following an appeal and additional proceedings on remand, the Court ordered Trudeau to compensate the victims of his second contempt in this matter. Specifically, the Court wrote: “Trudeau is ordered to pay forthwith the sum of \$37,616,161, representing the consumer loss resulting from Trudeau’s contumacious and deceptive infomercial marketing of the Weight Loss Cures book.” Order (June 2, 2010) (DE372) (the “Order To Pay”).
- D. On July 13, 2012, the FTC moved to hold Trudeau in contempt for a third time. DE481.
- E. On August 17, 2012, the Court denied Trudeau’s Motion for Modification of Order and Approval of Consumer Remediation Plan, in which Trudeau sought to institute a court-approved “consumer remediation plan” to pay the \$37.6 million he owes as a remedial sanction for his willful contempt of this Court’s orders. Specifically, the Court stated that “[t]he notion that this court would allow, not to mention trust, Trudeau to participate in any fashion in the administration of the court’s remedial sanction by ‘re-enter[ing] the infomercial business’ is preposterous in light of Trudeau’s duplicitous and contumacious history with this court and the thousands of consumers he has deceived. Trudeau has little to no credibility with the court, and his criticism of the FTC’s collection efforts for the benefit of the consumers on whose behalf the FTC has successfully prosecuted this action is totally misplaced.” Order (August 17, 2012) (DE494).
- F. On December 6, 2012, the Court held that “there is no question that the FTC has met its initial burden, establishing a prima facie showing of contempt.” The Court wrote:

In the instant case, the court ordered Trudeau “to pay forthwith to plaintiff the sum of \$37,616,161 . . . .” Forthwith has come and gone without any significant payment by Trudeau. Thus, there is no question that the FTC has met its initial burden, establishing a prima facie showing of contempt. Trudeau maintains that he does not have the financial ability to pay this rather substantial sanction, but the evidence he has submitted to date falls woefully short of demonstrating that, or that he has made all reasonable efforts to comply. His failure to make any payments prior to the filing of the instant motion by the FTC demonstrates a lack of good faith.

Court's Dec. 6, 2012 Order (DE535). Specifically, the Court held that the Order To Pay set forth an unambiguous command, that Trudeau violated that command, that Trudeau's violation was significant, *i.e.*, he did not substantially comply with the order. The Court further rejected Trudeau's position that he had taken "reasonable and diligent" steps to comply with the Order To Pay. The Court found that neither Trudeau's eleventh-hour, token payment of \$54,000, nor his proposal to design his own "consumer remediation plan" qualified as "reasonable and diligent" efforts to comply.

- G. Trudeau, his companies, his employees, and his attorneys all resisted the FTC's discovery efforts. The FTC filed various motions to compel discovery. *See, e.g.*, Motion to Compel Winston & Strawn, the Law Offices Of Marc Lane, and Website Solutions USA to Comply With Subpoenas (Jan. 18, 2013) (DE538); Motion to Compel GIN USA And KT Radio Network to Comply With Subpoenas (Feb. 13, 2013) (DE557); Cross-Motion to Compel Suneil Sant to Comply With A Subpoena (Mar. 28, 2013) (DE593); Motion to Hold the Law Offices Of Marc Lane, GIN USA, Website Solutions USA, and KT Radio Network In Contempt, (Apr. 1, 2013) (DE597); Motion to Compel the Law Offices Of Marc Lane to Disclose Information Regarding Trudeau's Asset Protection Plan (Apr. 15, 2013) (DE626).
- H. On May 2, 2013, the Court ordered the Law Offices of Marc J. Lane to produce documents concerning Trudeau's "asset protection" efforts. Order (DE661). Specifically, the Court found "that plaintiff FTC has established prima facie evidence sustaining the crime/fraud exception to the attorney/client and work product privilege."

## II. TRUDEAU'S COMPANIES

### A. Companies' Creation and Organizational Structure

- 1. Trudeau married Babenko on June 26, 2008 (FTCX 1C), shortly before the Court first ordered Trudeau to compensate his victims. (Opinion & Order (Aug. 7, 2008) (DE147).) Babenko "took the Fifth" when asked about how she met Trudeau. (FTCX 14, Babenko Dep. 96:16-97:3, 100:3-24.)
- 2. Following the Court's original 2008 order to pay, Trudeau, with the help of Lane (FTCX 12I; Evid. Hr'g Tr. 50:14-53:16, June 26, 2013), created seven domestic and offshore entities that Trudeau uses to operate the Global Information Network (the "**GIN-Related Entities**"): GIN USA, Inc.; GIN FDN; KTRN; APC Trading; WSU; WSS; and NBT Trading Limited. Each entity is described in turn:
  - a. Trudeau created **GIN USA Inc.** ("GIN USA"). (Evid. Hr'g Tr. 35:24-37:1, 38:6-12, 39:13-40:12, 45:25-46:12, May 21, 2013; FTXC 12D; FTCX 12L; FTCX 20P; FTCX 23; FTCX 31.) Lane incorporated GIN USA in June 2011 in South Dakota. (FTCX 2A; FTCX 49.)

- b. Trudeau created **Global Information Network FDN** (“GIN FDN”). (Evid. Hr’g Tr. 40:13-18, 49:19-50:9, May 21, 2013; FTCX 12I; FTCX 23.) GIN FDN owns GIN USA. (FTCX 13J; FTCX 13K; FTCX 13L; FTCX 41.) GIN FDN is a Nevis multiform foundation. (FTCX 2A; FTCX 13K; FTCX 13L.) Lane “intentionally recommended this structure for protection of the organization’s assets.” (FTCX 20M.) Marc Lane is GIN FDN’s incorporator. (FTCX 2A.)
    - c. Trudeau created **KT Radio Network Inc.** (“KTRN”). (Evid. Hr’g Tr. 36:14-16, May 21, 2013; FTXC 12D; FTXC 12L). Lane incorporated KTRN in 2009 in Delaware. (FTCX 2A; FTCX 50.) KTRN is owned by APC Trading Limited. (FTCX 13J; FTCX 13K; FTCX 13L.)
    - d. Trudeau created **APC Trading** (“APC”), a Belize corporation, no later than July 2010. (FTCX 7C.) Babenko is the sole owner and director of APC. (FTCX 13J; FTCX 13K; FTCX 13L.) APC owns KTRN, NBT Trading Limited, and WSS. (FTCX 13J; FTCX 13K; FTCX 13L; FTCX 41.) APC serves as the “management board” for GIN FDN. (FTCX 13J; FTCX 13K; FTCX 13L.)
    - e. Trudeau created **Website Solutions USA** (“WSU”). (Evid. Hr’g Tr. 40:19-41:20, May 21, 2013). Lane incorporated WSU in 2010 in Illinois. (FTCX 2A; FTCX 48.) WSU is owned by NBT Trading Limited. (FTCX 13J; FTCX 13K; FTCX 13L; FTCX 41.)
    - f. Trudeau created **Website Solutions Switzerland GmbH** (“WSS”) with Lane’s assistance (FTCX 12I; FTCX 13L; FTCX 13K) in September 2010 (Evid. Hr’g Tr. 40:19-41:20, May 21, 2013; FTCX 7B, FTCX 13J). WSS currently “employs” Trudeau (Evid. Hr’g Tr. 41:4-5, May 21, 2013; FTCX 7A; DX 25 at 12). WSS may have changed its name and form to Sales Solutions International. (DX 26)
    - g. Trudeau created **NBT Trading Limited**, a Hong Kong corporation, which owns WSU. (FTCX 13J; FTCX 13K; FTCX 13L; FTCX 41.) NBT Trading Limited is owned by APC (which, in turn, is wholly owned by Babenko). (FTCX 13J; FTCX 13K; FTCX 13L.)
3. GIN USA, KTRN, and WSU share an office address (130 Quail Ridge Drive, Westmont, Illinois) and phone number with companies Trudeau admits to owning. GIN USA, KTRN, and WSU also share nominee officers and bank signatories (Babenko and Sant); and incorporator and corporate counsel (Marc Lane). (FTCX 2A; FTCX 48-50; Evid. Hr’g Tr. 47:3-8, May 21, 2013.)

4. In addition to the GIN-Related Entities described above, Trudeau controls various other companies which can be organized into three categories: the “KMT Fiduciary Trust Entities”; the “Trudeau-Owned Entities”; and “Other Entities.”
  - a. Trudeau controls the “**KMT Fiduciary Trust Entities**” which includes 14 entities: Alliance Publishing Group, Inc.; Direct Response Associates LLC; KMT Fiduciary Trust; KT Capital Corporation; K.T. Corporation Limited; Natural Cures Holdings Inc.; Natural Cures, Inc.; TRUCOM, L.L.C.; Trudeau Approved Products Inc.; TruStar Marketing Corporation; TruStar Productions, Incorporated; The Whistle Blower, Inc.; 0913372 B.C. Ltd.; and 0913376 B.C. Ltd. (FTCX 4G; FTCX 4I; FTCX 13L.)
    - i. **Alliance Publishing Group, Inc.** (“Alliance”) is wholly owned by TRUCOM, L.L.C. and Lane is its Illinois registered agent. (FTCX 13L.)
    - ii. Trudeau is the manager of **Direct Response Associates LLC**; Lane is the Illinois registered agent; and K.T. Corporation Limited is its sole member. (FTCX 13L.)
    - iii. Trudeau created **KMT Fiduciary Trust** in 1994. (FTCX 4G at 47-48.) KMT Fiduciary Trust is registered in Mauritius. (FTCX 4G at 47-55; FTCX 4I; FTCX 12E.)
      1. Lane admitted that Trudeau controls KMT Fiduciary Trust (Evid. Hr’g Tr. 173:6-10, June 27, 2013), although Trudeau’s parents and brother are its nominal beneficiaries.
      2. Lane stated that KMT Fiduciary Trust was “an indispensable component of Kevin’s current asset protection plan,” (FTCX 12E; Evid. Hr’g Tr. 49:1-3, June 26, 2013), and Lane’s asset protection related emails refer to Trudeau as having “ultimate beneficial ownership” of KMT Fiduciary Trust. (FTCX 12E.) Lane advised Sant that “the very existence” of KMT Fiduciary Trust “should continue to deter the FTC from aggressive collection action.” (FTCX 20Y.)
      3. Because Trudeau controls KMT, he also controls the numerous companies it owns directly or indirectly (Alliance, Direct Response Associates LLC, K.T. Corporation Limited, Natural Cures, Inc., Natural Cures Holdings Inc., TRUCOM, L.L.C., Trudeau-Approved Products Inc., TruStar Marketing Corporation, TruStar Productions, Incorporated, and several others). (FTCX 13L.)



- iv. **KT Capital Corporation** is wholly owned by K.T. Corporation Limited. (FTCX 13L.) Trudeau is the director, president, and treasurer of KT Capital Corporation.
- v. **K.T. Corporation Limited** is an Isle of Man corporation and is wholly owned by KMT Fiduciary Trust. (FTCX 4I; FTCTX 13L.) K.T. Corporation Limited wholly owns TRUCOM, LLC., which in turn wholly owns Alliance. (FTCX 4I; FTCTX 13L.)
- vi. **Natural Cures Holdings Inc.** is owned by TRUCOM, LLC (97.7% ownership share) and ITV Global, Inc. (2.3%). (FTCX 13L.) Lane is its Illinois registered. (FTCX 13L.) Natural Cures Holdings Inc. is the sole owner of Natural Cures, Inc. (FTCX 13L.)
- vii. **Natural Cures, Inc.** is wholly owned by Natural Cures Holdings Inc. (FTCX 13L.) Lane is its Illinois registered agent. (FTCX 4I; FTCTX 13L.)
- viii. **TRUCOM, L.L.C.** is registered in Nevada and is wholly owned by K.T. Corporation Limited. (FTCX 4I; FTCTX 13L.) Trudeau is TRUCOM, L.L.C.'s manager. (FTCX 13L.)
- ix. **Trudeau Approved Products Inc.** is wholly owned by TRUCOM, L.L.C. (FTCX 13L.) Trudeau is its director and chairman; Lane is its Illinois registered agent. (FTCX 13L.)
- x. **TruStar Marketing Corporation** is owned by TRUCOM, LLC (97.7% ownership share) and ITV Global, Inc. (2.3%). (FTCX 13L.) Trudeau is its director, president, secretary, and treasurer; Lane is its Illinois registered agent. (FTCX 13L.)
- xi. **TruStar Productions, Incorporated** is registered in Delaware (FTCX 4I) and is wholly owned by TRUCOM, L.L.C. (FTCX 13L.) Trudeau is its director, president, and treasurer; Lane is its Illinois registered agent. (FTCX 13L.)
- xii. **The Whistle Blower, Inc.** is owned by TRUCOM, LLC (97.7% ownership share) and ITV Global, Inc. (2.3%). (FTCX 13L.) Trudeau is its director, president, and treasurer; Lane is its Illinois registered agent. (FTCX 13L.)
- xiii. **0913372 B.C. Ltd.** is wholly owned by Natural Cures, Inc. (FTCX 13L.) Its registered office is in British Columbia, Canada. (FTCX 13L.)

- xiv. **0913376 B.C. Ltd.** is wholly owned by Trudeau Approved Products, Inc. Trudeau is its director and its registered office is in British Columbia, Canada. (FTCX 13L.)
  
- b. Trudeau controls the “**Trudeau-Owned Entities**” which includes four business entities: International Pool Tour Inc.; Pool Licensing LLC; Trudeau Management Inc.; and Natural Cures Health Institute. (FTCX 4I; FTCX 13L.)
  - i. Trudeau owns **International Pool Tour Inc.**, and is also its director, president, and treasurer. (FTCX 4I; FTCX 13L.)
  - ii. Trudeau owns and manages **Pool Licensing LLC**, a Nevada company. (FTCX 4I; FTCX 13L.)
  - iii. Trudeau owns **Trudeau Management Inc.**, an Illinois corporation. (FTCX 4I; FTCX 13L.) Trudeau is also its director, president, and treasurer; Lane is its registered agent. (FTCX 13L.)
  - iv. **Natural Cures Health Institute** is an Illinois not for profit corporation. (FTCX 4I; FTCX 13L.) Lane is its registered agent and Trudeau is one of its directors. (FTCX 4I; FTCX 13L.) NCHI serves as Trudeau’s legal defense fund. (FTCX 12M; FTCX 20V).
  
- c. Trudeau controls the “**Other Entities**” which includes three companies: Sovereign Trust; NT Trading S.A.; and Advantage Solutions Ltd. (FTCX 13J; FTCX 13K; FTCX 13L.) Each of the Other Entities is described below:
  - i. **Sovereign Trust** is a Cook Islands trust (FTCX 13K). Babenko is the trust’s grantor and APC is the sole beneficiary. (FTCX 13K). Trudeau and Lane helped create Sovereign Trust. (FTCX 12H at 1-2.)
  - ii. **NT Trading S.A.** is a Panama Corporation and is wholly owned by Sovereign Trust. (FTCX 13K; FTCX 14X.) Although Lane produced an organizational chart indicating that NT Trading S.A. is “abandoned/ not active,” (FTCX 13K), in July 2008, NT Trading S.A. executed a power of attorney appointing Trudeau as its true and lawful Attorney-in-fact (FTCX 14X; FTCX 47). In 2009, Lane warned Trudeau that this “would defeat the asset protection strategy,” and suggested that he (Lane) should have the power revoked. (FTCX 20Q.) Trudeau instructed Lane not to have the power revoked “yet.” (FTCX 20Q.)
  - iii. **Advantage Solutions Ltd** is a Seychelles corporation wholly owned by Babenko. (FTCX 13J; FTCX 13K; FTCX 13L.)

5. Trudeau Uses Figureheads as the Officers, Directors, and Managers of his Companies
  - a. Babenko
    - i. Babenko is the nominee officer and director of KTRN and GIN USA (Evid. Hr’g Tr. 46:6-8, May 21, 2013; FTCX 2A; FTCX 2B; FTCX 14AA; FTCX 18A; FTCX 13J.)
    - ii. Babenko owns Advantage Solutions Ltd.; APC Trading Limited; NBT Trading Limited (via her ownership of APC Trading Limited); WSS (via her ownership of APC Trading Limited); and WSU (via her ownership of NBT Trading Limited). (FTCX 13J; FTCX 13K.) GIN FDN is a Nevis “Multiform Foundation” with no formal owner, but APC serves as the sole member of its “management board.” Lane “intentionally recommended this structure for protection of the organization’s assets.” (FTCX 20M) Babenko receives a generous salary from the GIN-Related Entities. (FTCX 12Y-2; FTCX 87; FTCX 11Z.)
    - iii. Babenko also is the bank signatory for KTRN, GIN USA, and GIN FDN. (FTCX 2B; FTCX 14AA; FTCX 18A.)
    - iv. There is no evidence to support Trudeau’s assertions that Babenko was a “successful businesswoman in her own right.” (Contempt Opp. (DE508) (Sept. 25, 2012) at 5.) Babenko asserted her Fifth Amendment right rather than testify regarding her education and business experience. (FTCX 14, Babenko Dep. 96:13-97:13, May 17, 2013.) Lane testified that what he knew about Babenko’s business expertise came from Trudeau, (Evid. Hr’g Tr. 182:4-12, June 27, 2013), and that some of Trudeau’s claims regarding her education “might have been somewhat exaggerated.” (Evid. Hr’g Tr. 183:2-3, June 27, 2013.)
    - v. When setting up GIN FDN, Trudeau instructed Sant that Babenko did not run GIN and that she knew “nothing.” (Evid. Hr’g Tr. 51:16-52:12, May 21, 2013; FTCX 11F.)
    - vi. In 2012, Babenko executed a Power of Attorney, appointing Marc Lane as her agent and authorizing Lane to act on her behalf with respect to all “business operations,” and “financial institution transactions,” among other powers. (FTCX 14W; FTCX 14, Babenko Dep. 103:7-9, 103:14-17, 103:25-105:23, 106:12-15, 107:5-9, 107:14-16, 107:24-108:16, 108:20-109:14, 109:19-20, May 17, 2013.) Babenko did not limit or remove any the powers for which Lane was authorized to act on her behalf. (FTCX 14W.)

vii. Sant asserted his Fifth Amendment right rather than testify regarding whether he reported to Trudeau or to Babenko. (FTCX 11, Sant Dep. 19: 8-20:8, May 9, 2013.)

b. Sant

i. Sant has known Trudeau for twenty years and has worked for him since 1996. (Evid. Hr'g Tr. 41:15-20, May 21, 2013; FTCX 4F at 14:21-15:6.) Trudeau's companies continue to pay Sant's legal fees. (FTCX 11A.)

ii. Sant served as Trudeau's nominee officer for seven companies that Trudeau owns or controls (six of which Marc Lane formed and all of which are located at 130 Quail Ridge Drive in Westmont). (FTCX 2A; FTCX 18A.) Among his many nominee roles, Sant was a KT Radio Network ("KTRN") officer, as well as the token President and Secretary of Website Solutions USA ("WSU"). (FTCX 2A; FTCX 18A.)

iii. Sant also served as a bank signatory for both WSU and KTRN. (FTCX 2B.)

1. Trudeau referred to Sant as his "right hand man" and that others should "chat with [Sant] as if he were me." (FTCX 11C; Evid. Hr'g Tr. 39:4-12, May 21, 2013)

2. Additionally, in 2008, Trudeau purchased gold bars from Golden Lion Mint ("Golden Lion"). (FTCX 19.) Trudeau paid for the gold bars with \$100,000 from a personal account. (FTXC 19.) On October 18, 2011, Sant travelled to Asheville, North Carolina, personally exchanged Trudeau's Golden Lion bars for \$100,000 worth of Scotia Bank gold bars, and left with \$100,000 in Scotia Bank gold. (FTCX 19.) When asked about both his gold bars and his activities at Rivers Casino, Trudeau asserted his Fifth Amendment right. (Tr. 111:4-25; 117:11-118:1 (May 21, 2013).

B. Control

1. Control Over the Companies' Finances

a. Trudeau's personal attorney and asset protection planner, Marc Lane, testified that Trudeau exercises control over the companies and over significant assets. Specifically, with respect to the GIN-Related Entities, Lane testified that Trudeau controlled them, at least "in a layman's sense." (Evid. Hr'g Tr. 172:4-5, June 27, 2013).

- b. In addition, Lane testified that, with respect to various GIN-Related Entities, Trudeau was “front and center in the picture” (Evid. Hr’g Tr. 55:10-24, June 26, 2013); that he “direct[ed] who would be running these corporations” (Evid. Hr’g Tr. 172:7-9, June 27, 2013); and that he decided who their owners would be (Evid. Hr’g Tr. 185:9-11, June 27, 2013).
- c. Lane accepted Trudeau’s representation that he was authorized to receive the legal advice that Lane provided to the various GIN-Related Entities, and Lane “understood all along that [Trudeau] really speaks for [these] entities[.]” (Evid. Hr’g Tr. 74:10-14, June 26, 2013.) Furthermore, according to Lane, their bookkeeping “infrastructure” for the GIN-Related Entities was “generally under Mr. Trudeau’s direction” (Evid. Hr’g Tr. 153:5-12, June 26, 2013), and he communicated with Trudeau regarding GIN’s bank accounts (Evid. Hr’g Tr. 155:23-156:9, June 26, 2013). Trudeau also was able to “access . . . cash” they held. (Evid. Hr’g Tr. 172:2, June 27, 2013.) Remarkably, Lane advised Trudeau regarding how he could protect his intellectual property rights associated with GIN “in the event of a separation from Natasha,” but he never consulted with Babenko regarding how such a separation would affect her intellectual property rights associated with GIN. (FTCX 12J; Evid. Hr’g Tr. 82:12-83:16, June 26, 2013.)
- d. Trudeau asserted his Fifth Amendment privilege rather than answer dozens of questions concerning his control over the GIN-Related Entities. (Evid. Hr’g Tr. 35-82, May 26, 2013). Both Sant and Babenko asserted the Fifth Amendment rather than answer questions regarding Trudeau’s control. (FTCX 11, Sant Dep. 31:8-33:13, 46:13 - 47:15, 56:2 - 57:1, May 9, 2013; FTCX 14, Babenko Dep. 25:14-27:15, 27:15-29:25, 40:4-17, 40:22-42:25, 43:6-44:7, 45:7-47:9, 47:10-48:9, 48:25-50:3, 86:14-88:5, 103:7-110:23, May 17, 2013.)
- e. Financial Control Over Specific Entities
  - i. GIN-Related Entities
    - 1. Trudeau used his company, KTRN, to pay the expenses for his butler and chauffeur and a personal chef. (FTCX 2C; FTCX 10, Dow Dep. 69:23-25, 71:17-23, May 8, 2013; FTCX 10F; FTCX 11J.)
    - 2. Beginning in 2009, Trudeau used a KTRN account to pay the \$12,000 monthly rent for expensive Oak Brook, Illinois home. From 2010 to March 2013, KTRN paid over \$500,000 towards Trudeau’s rent. (FTCX 10, Dow Dep. 49:5-11, May 8, 2013; FTCX 10D.)

3. Also beginning in 2009, various Trudeau-affiliated companies began paying Trudeau's personal expenses. (FTCX 11, Sant Dep. 13:2-13, May 9, 2013.) Specifically, Natural Cures paid Trudeau's personal credit bills prior to 2010, after which WSU paid Trudeau's personal credit and charge card bills (including American Express, Chase, Bank of America, and Diner's Club). (FTCX 10, Dow Dep. 72:16 - 74:13, 85:2-16, May 8, 2013; FTCX 10F; FTCX 10G.)
4. In addition to first-class flights and expensive hotels (the Ritz Carlton, the Four Seasons), Trudeau's credit card statements—bills all paid by Trudeau's companies—show hundreds of thousands of dollars in more mundane but obviously personal charges including groceries (often Whole Foods but sometimes Trader Joe's) (FTCX 6E; FTCX 6J), gym memberships (L.A. Boxing Club) (FTCX 6F-6G), salons (Vidal Sassoon) (FTCX 6H; FTCX 6I), and \$4,327.00 for draperies. (FTCX 6E.)
5. Trudeau authorized the GIN-Related Entities to open bank accounts overseas, stating "gin MUST get money out of the usa and into banks overseas...never keep more money in the usa than needed...TAP, NCINC, KTRN, NCHI, WSS, and every company NEEDS accounts OFF SHORE!!!!!!!!!! Very little money should be held in us accounts." (FTCX 11M.)
6. GIN FDN maintains a Liechtenstein bank account. (FTCX 10). In February 2012, Trudeau funded the escrow account he established under Part III of the Supplemental Order. GIN USA received this \$2 million from WSU, which itself received the money from GIN FDN. (Evid. Hr'g Tr. 52:13-53:14, 54:1-54:17, May 21, 2013; FTCX 11R; FTCX 12K; FTCX 3H.) Trudeau also arranged to have his salary at WSS paid from GIN FDN's Liechtenstein account. (FTCX 11R.) The "due from" items on GIN USA's P&L statement reflect this \$2 million as due from Trudeau himself. (See DX5A.)
7. Trudeau used his various businesses to pay the more than \$6.7 million in legal fees that generated in this case between June 2010 and March 2013 (FTCX 6C; FTCX 6D; FTCX 6E.) Specifically, Winston & Strawn received more than \$1.7 million in legal fees, including more than \$800,000 paid by IPT (which Trudeau owns) and more than \$300,000 paid by WSU (which Trudeau controls).

8. Additionally, Lane's firm, the Law Offices of Marc J. Lane, P.C., received over \$5 million in fees paid from companies both owned and controlled by Trudeau, including payments to Lane from GIN USA (FTCX 12C); GIN FDN (FTCX 12C; FTCX 12EE); KTRN (FTCX 12C); WSU (FTCX 12C); and WSS (FTCX 12C).
  9. WSS pays Trudeau's salary at his instruction. (Evid. Hr'g Tr. 41:4-5, May 21, 2013; FTCX 12I.). Trudeau arranges for GIN FDN to pay his WSS salary. (FTCX 11R.)
- ii. KMT Fiduciary Trust Entities
1. K.T. Corporation Limited owns Trudeau's home in Ojai, California. (FTCX 22 at 5; FTCX 26.) Lane prepared the Bill of Sale transferring the ownership of the home's furnishings to TruStar Productions. (FTCX 26.)
    - A. Trudeau offered bank statements from K.T. Corporation Limited (DX 9A-C), but no evidence regarding what other assets it holds (for example, the Ojai, California home).
  2. Trudeau used K.T. Corporation Limited to pay for personal expenses such as expenses associated with the Ojai, California home, including the monthly mortgage (nearly \$3,500 per month (FTCX 10F)) and landscaping service, and for the care for Trudeau's parents. (FTCX 10, Dow Dep. 18:15 - 19:17, 66:20 - 67:20, May 8, 2013; FTCX 10F.)
  3. The Law Offices of Marc J. Lane, P.C. received fees paid from the KMT Fiduciary Trust Entities, including payments to Lane from: Alliance Publishing Group, Inc.; Direct Response Associates LLC; KT Capital Corporation; K.T. Corporation Limited; Natural Cures Holdings Inc.; TRUCOM, L.L.C.; Trudeau Approved Products Inc.; TruStar Marketing Corporation; TruStar Productions, Incorporated; The Whistle Blower, Inc.; 0913372 B.C. Ltd.; and 0913376 B.C. Ltd. (FTCX 12C.)

4. Trudeau instructed the KMT Fiduciary Trust Entities (including Trudeau Approved Products, referred to as “TAP” and Natural Cures, referred to as “NCINC”) to open bank accounts overseas, stating “gin MUST get money out of the usa and into banks overseas...never keep more money in the usa than needed...TAP, NCINC, KTRN, NCHI, WSS, and every company NEEDS accounts OFF SHORE!!!!!!!!!! Very little money should be held in us accounts.” (FTCX 11M.)

iii. Trudeau-Owned Entities

1. The Law Offices of Marc J. Lane, P.C. received fees paid from the Trudeau Entities (International Pool Tour Inc.; Pool Licensing LLC; Trudeau Management Inc.; and Natural Cures Health Institute) (FTCX 12C.)
2. Natural Cures paid Trudeau’s personal credit card bills prior to 2010, after which WSU paid Trudeau’s personal credit card bills. (FTCX 10, Dow Dep. 72:16 - 74:13, 85:2–16, May 8, 2013; FTCX 10F; FTCX 10G.)
3. Trudeau instructed the Natural Cures Health Institute (referred to as “NCHI”) to open bank accounts overseas, stating “gin MUST get money out of the usa and into banks overseas...never keep more money in the usa than needed...TAP, NCINC, KTRN, NCHI, WSS, and every company NEEDS accounts OFF SHORE!!!!!!!!!! Very little money should be held in us accounts.” (FTCX 11M.)

iv. Other Entities

1. Babenko asserted her Fifth Amendment right rather than testify regarding Trudeau’s control over three additional entities she nominally owns, Sovereign Trust, N.T. Trading S.A., and Advantage Solutions. (FTCX 14, Babenko Dep. 40:18-41:13, 41:25-42:2, 42:22-25, 44:21-23, 137:1-3, 137:19-21; 50:12-52:24 (May 17, 2013).

2. Control Over the Companies’ Business Decisions

a. Trudeau controls the GIN-Related Entities. For example:

- i. Trudeau controls GIN USA. (Evid. Hr’g Tr. 46:6-47:13, 47:25-49:11, May 21, 2013).



1. Forming GIN was Trudeau's idea (FTCX12D; FTCX 31). In fact, Trudeau referred to the formation of GIN as part of his "vision." (FTCX 31.) Trudeau told Lane who would own GIN. (FTCX 12L.)
  2. Trudeau made legal decisions on behalf of GIN USA, including selecting GIN USA's attorneys, making strategic decisions on behalf of GIN USA, and receiving and requesting legal advice on behalf of GIN USA. (Evid. Hr'g Tr. 47:25-49:11, May 21, 2013; FTCX 11Q.)
- ii. Trudeau controls GIN FDN. (Evid. Hr'g Tr. 50:8-51:4, May 21, 2013; FTCX 11F).
1. Forming GIN was Trudeau's idea (FTCX12D; FTCX 31). In fact, the formation of GIN was Trudeau's "vision," including a GIN headquartered in Nevis. (FTCX12L.)
  2. Lane helped Trudeau open a bank account for GIN FDN in Liechtenstein at Valartis Bank. (FTCX 12U) Lane traveled to Liechtenstein, as did Sant and Babenko. (FTCX 11F; FTCX 12U.) When establishing the Liechtenstein bank account, Trudeau instructed Sant what to tell the bank officers, stating "the deal should be Natalie does not run GIN. She has turned it all over to you. You had GIN hire web solutions in zurich and America to handle everything and cpi and Jeff's company. You pretty much know everything...Natalie knows nothing." (FTCX 11F.)
  3. Lane and Lane's firm have access to GIN USA's accounting records. (Evid. Hr'g Tr. 169-172, June 27, 2013.)
  4. Lane advised Sant regarding GIN FDN's business operations. (FTCX 26.)
- iii. Trudeau controls KTRN. For example:
1. Trudeau told Lane who would own KTRN. (FTCX 12L.)
  2. Trudeau instructed Lane to "pull the trigger" and create KTRN. (FTCX12D).
  3. As recently as April 2013, Trudeau determined who the KTRN officers would be. (FTCX 11DD.)

4. Lane advised Trudeau on KTRN's intellectual property rights. (FTCX 12G.)
- iv. Trudeau controls APC. For example:
1. APC serves as the "management board" for GIN FDN. (FTCX 13J; FTCX 13K; FTCX 13L.) GIN FDN wholly owns GIN USA. (FTCX 13J.) APC also directly or indirectly owns the other GIN-Related Entities, including KTRN, NBT Trading, WSS, and WSU. (FTCX 13J; FTCX 13K; FTCX 13L; FTCX 41.)
  2. Trudeau and Lane helped create Sovereign Trust (FTCX 12H at 1-2), for which APC is the beneficiary. (FTCX 13K).
  3. Babenko asserted her Fifth Amendment right rather than respond to questions regarding whether Trudeau controlled APC. (FTCX 14, Babenko Dep. (May 17, 2013) at 27:16-17, 27:21-29:2, 29:10-29:25).
  4. Sant asserted his Fifth Amendment right rather than respond to questions regarding whether he reported to Babenko in her role as officer or director for various GIN-Related Entities, including APC. (FTCX 11, Sant Dep. 18:3-21:14, May 9, 2013.)
- v. Trudeau controls WSU. For example:
1. Trudeau made WSU's employment decisions, including setting Sant's salary and determining how much Trudeau would receive as a speaking fee on behalf of WSU. (FTCX 11O.)
  2. In addition, as recently as April 2013, Trudeau determined who the WSU officers would be. (FTCX 11DD.)
- vi. Trudeau controls WSS. For example:
1. The formation of WSS was part of Trudeau's "vision," whereby a GIN entity would contract with a new Swiss company called Website Solutions Switzerland. (FTCX 12I; FTCX 31.)
  2. Trudeau made business decisions on behalf of WSS, including decisions regarding: WSS's name change (FTCX 11R); WSS's bank account (FTCX 11R); and entering into agreements on behalf of WSS (FTCX 11R).

3. Lane provided advice to Sant regarding WSS's ownership and Swiss bank account. (FTCX 26.)
  4. Trudeau made employment decisions on behalf of WSS, such as the decision that WSS would "employ" Trudeau (Evid. Hr'g Tr. 41:4-5, May 21, 2013; FTCX 7A; DX 25 at 12) and payments of Trudeau's salary (FTCX 11R).
- vii. Trudeau controls NBT Trading Limited. For example:
1. NBT Trading Limited, a Hong Kong corporation, owns WSU (FTCX 13K; FTCX 41). NBT Trading Limited is wholly owned by APC. (FTCX 13K.)
  2. Babenko generated wire payments from her Fifth Third bank account to the NBT Trading Limited bank account at Valartis Bank in Liechtenstein. (FTCX 2D.)
  3. Sant asserted his Fifth Amendment right rather than respond to questions regarding whether he reported to Babenko in her role as officer or director for various GIN-Related Entities, including NBT Trading Limited. (FTCX 11, Sant Dep. 18:3-21:14, May 9, 2013.) Sant further asserted his Fifth Amendment right when asked whether Trudeau controlled NBT Trading Limited. (FTCX 11, Sant Dep. 32:18-20, May 9, 2013.)
  4. When asked whether Trudeau controlled NBT Trading Limited, Babenko refused to answer, citing the fact that the answer might incriminate her. (FTCX 14, Babenko Dep. 45:13-15, 46:16-47:9, May 17, 2013.)
- b. Trudeau controls the KMT Fiduciary Trust Entities. Specifically:
- i. Trudeau made legal decisions on behalf of KMT Fiduciary Trust. (Evid. Hr'g Tr. 48:6-10, May 21, 2013; FTCX 11Q.)
  - ii. Lane advised Trudeau regarding Natural Cures. (FTCX 22.)
  - iii. Lane performed legal work on behalf of KMT Fiduciary Trust. (FTCX 12E; FTCX 26.)
  - iv. Lane advised Trudeau regarding the transfer of KTRN's intellectual property rights to TruStar Marketing Corporation rather than to TruStar Management Inc. (FTCX 12G.)

- v. As recently as April 2013, Trudeau determined who the Alliance officers would be. (FTCX 11DD.)
  - vi. As recently as April 2013, Trudeau determined who the Trudeau Approved Products officers would be. (FTCX 11DD (referring to “TAP,” or Trudeau approved products.))
  - vii. Lane advised Trudeau regarding TruStar Productions, Inc. (FTCX 29.)
- c. Trudeau controls the Trudeau-Owned Entities. For example:
- i. Lane advised Trudeau regarding International Pool Tour Inc. (FTCX 12D.)
- d. Trudeau controls the Other Entities. In particular:
- i. Trudeau controls the legal decisions for the companies nominally owned by Babenko. (Evid. Hr’g Tr., 48:3-5, May 21, 2013; FTCX 11Q)
  - ii. When asked whether Sovereign Trust, NT Trading, and Advantage Solutions were asset protection vehicles that Trudeau has used to keep assets from the FTC, Babenko refused to answer, citing the fact that the answer might incriminate her. (FTCX 14, Babenko Dep. 44:8-45:6; 50:12-52:24, May 17, 2013.) Trudeau also “took the Fifth” with respect to Sovereign Trust. (Evid. Hr’g Tr. 105:2-16, May 21, 2013.)

C. Trudeau, and his Companies, Have Assets

1. GIN is a purported wealth building program and multilevel marketing scheme in which members pay \$1,000 to join and \$150 monthly dues (\$1,800 per year), and earn compensation by recruiting new members, *i.e.*, from their “downline.” Members receive 20 percent of the monthly dues and initiation fee paid by any new affiliates that they recruit. (FTXC 1V; FTCX 10, Dow Dep. 90:4-95:10, May 8, 2013.) At its peak, GIN had between 16,000 to 20,000 members. (FTCX 10, Dow Dep. 90:4-95:10, May 8, 2013.)
2. Trudeau is the highest ranking member of GIN (FTCX 10, Dow Dep. 90:4-95:10, May 8, 2013) and earns millions of dollars of commissions from GIN. (Evid. Hr’g Tr. 45:10-24, May 21, 2013). As of December 31, 2012 GIN FDN owed Trudeau \$911,303.50 in commissions. (FTCX 10, Dow Dep. 96:23-97:25, May 8, 2013; FTCX 10G at WSU 8696.)
3. KTRN and Natural Cures are also GIN members and earn compensation from GIN commissions. (FTCX 10, Dow Dep. 90:4-95:10, May 8, 2013; FTCX 10G at 8690; FTCX 10G at 8696.)

4. K.T. Corporation Limited owns Trudeau's home in Ojai, California. (FTCX 10, Dow Dep. 18:15 - 19:17, May 8, 2013; FTCX 26.)

### III. ASSET CONCEALMENT

- A. The Court observed that the evidence presented thus far demonstrates an "elaborate scheme . . . to put [Trudeau's] assets beyond the reach of the FTC[.]" May 21, 2013 Tr. at 123:12-18.
- B. Trudeau, with Lane's assistance, worked to put Trudeau's assets beyond the reach of the FTC. (Evid. Hr'g Tr. , May 21, 2013) By way of further example, this evidence includes communications from asset protection specialist Marc Lane, whose firm's website touts its attorneys' "asset protection planning" capabilities. (FTCX 12O) Lane advised Trudeau how to keep his assets "protected" from the FTC:
  1. In September 2010, Lane advised Trudeau regarding "opening a bank account in a country which has been identified as not enforcing foreign judgments, and particularly U.S. judgments." (FTCX 20J.)
  2. Lane advised Trudeau that International Pool Tour ("IPT") "is subject to the claims for your creditors, including the FTC. For that reason, you should maintain only minimal cash (or other assets) in IPT or any company you own." (FTXC 12D.) Lane continued: "It may make sense for me to assume a greater role in cash management," in part "to maximize such asset-protection opportunities[.]" (FTCX 12D.)
  3. Lane advised Trudeau "that Trustar Marketing, and not Trudeau Management, own the domain name registration and other intellectual property relating to the [KTRN] radio show," because "[y]ou own Trudeau Management directly and, as such, all of its assets are subject to the FTC's claim." (FTCX 12G.)
  4. Lane advised Trudeau to "stay away from Asia Trust Limited," because, in other cases, Asia Trust Limited had "caved in" and "turned over . . . assets . . . to the FTC[.]" (FTCX 12H.)
  5. Lane advised Trudeau regarding "opening a bank account in a country which has been identified as not enforcing judgments, and particularly U.S. judgments[.]" (FTCX 20J.)
  6. In a 2007 email entitled "Asset Protection Planning," Lane wrote: "I know that Kevin credits the offshore structure for the relatively favorable settlement to which the FTC previously agreed." PXA:36 (FTCX 20Y).
  7. Trudeau instructed Lane that there was "no need to tell the FTC" about GIN. (Evid. Hr'g Tr. 36:17-37:1, May 21, 2013; FTCX 12:L) Lane also advised Trudeau that having the Global Information Network ("GIN") fund the court-ordered \$2 million bond was "an excellent idea," although "securing a bond and keeping it beyond the FTC's reach will require careful planning." (FTCX 12:K) (emphasis added).

8. Lane also prepared Trudeau's tax returns (which Trudeau introduced to show his alleged poverty (DX 25)). The Court already concluded that an earlier "balance sheet" (FTCX 102) that Lane prepared to demonstrate Trudeau's asserted poverty was "not worth the paper it is written on." Mem. Op. (Aug. 7, 2008) (DE157) at 9. At least \$6 million in federal and state tax liens have been filed against Trudeau. (FTCX 7D.)
- C. Lane helped Trudeau establish a bank account, with debit cards, in Switzerland. (FTCX 22.)
- D. As the litigation to recover money for consumers moved forward, Trudeau repeatedly instructed his associates to move assets and business operations offshore as much as possible. ((FTCX 12Q) ("[Y]ou need to take the lead on getting the gin website on servers outside the USA. . . . [A]nyplace is better than usa[.]"); (FTCX 20S) ("GIN needs a Swiss bank account in Swiss francs[.]"); (FTCX 11Y) (Dec. 11, 2012) ("All GIN dues will go to GIN non USA accounts."); (FTCX 11M) ("kt Australia account needs to be activated and debit card sent . . . asap"); (*id.*) ("gin MUST get money out of the usa and into banks overseas...never keep more money in the usa than needed...tap, ncinc, ktrn, nchi, wss, and every company NEEDS accounts OFF SHORE!!!!!!!!!!!!!!") (Trudeau's punctuation)).
- E. Trudeau used a casino to conceal assets. Between November 2011 to January 2012, Babenko and Trudeau purchased \$285,500 in casino chips, \$200,000 by Babenko and \$85,500 by Trudeau. They ultimately cashed out \$282,375 in chips, \$124,000 by Babenko and \$158,375 by Trudeau. (FTCX 1M.) Significantly, Babenko purchased all of her \$200,000 in chips on December 29, 2011, with funds transferred from a WSU bank account to the casino for her benefit. (FTCX 1O at pg. 5.) She withdrew the entire \$200,000 in chips on that same day. (FTCX 1O.) Video surveillance records show that she handed the chips to Trudeau while they were still at the cashier window. FTCX 1R.
- F. Moreover, Trudeau and Babenko were involved in a series of incidents at the casino illustrating his asset concealment, particularly with Babenko's assistance:
  1. On his first visit to the casino on November 20, 2011, Trudeau attempted to avoid federal currency transaction reporting requirements by cashing in over \$10,000 in chips but refusing to provide his social security number. He claimed that reporting was not required, he was not carrying any identification, and he resided in Italy. He later returned with an Italian passport. Casino personnel had to look up his social security number in a database. (FTCX 1N; FTCX 1Q.)
  2. Similarly, on December 29, 2011, before Trudeau and Babenko purchased \$200,000 in chips with the wire transfer from WSU, they first tried to open a credit account in Babenko's name. Casino personnel explained that Babenko could not open a credit account without a social security number, which she did not have. Eventually, Babenko cashed in the wire transfer for \$200,000 in chips, and handed them to Trudeau. (FTCX 1O; FTCX 1R.)

3. Finally, on April 6, 2012, Trudeau's domestic worker Matthew Green visited the casino by himself, driving a Jeep Rubicon titled to KTRN. He went directly to a cashier to cash in \$124,000 in chips. Casino records state that he was acting as an agent for Babenko. He received the cash in a brown paper bag and left the casino. (FTCX 1P; FTCX 1S.)
- G. Additionally, in 2008, Trudeau purchased gold bars from Golden Lion Mint ("Golden Lion"). (FTCX 19.) Trudeau paid for the gold bars with \$100,000 from a personal account. (FTCX 19.) On October 18, 2011, Sant travelled to Asheville, North Carolina, personally exchanged Trudeau's Golden Lion bars for \$100,000 worth of Scotia Bank gold bars, and left with \$100,000 in Scotia Bank gold that Trudeau originally purchased and almost certainly controls.
- H. On April 24, 2012, Trudeau asked to "find a place where I can buy gold in Switzerland." (FTCX 83)

#### **IV. TRUDEAU'S SPENDING AND DISSIPATION OF ASSETS**

- A. Trudeau spent at least \$12 million after the Court's June 2, 2010 Order To Pay through March of this year. When asked about charges for things ranging from groceries to internet dating, both Trudeau and Babenko invoked their Fifth Amendment privilege against self-incrimination. [Tr. 112:1-115:23 (May 21, 2013); FTCX 14 at 55:19-58:23]
- B. Credit Cards/Personal Spending
  1. From June 2, 2010 to March 2013, Trudeau \$3.28 million in Diner's Club and American Express payments charges (FTXC 18B). These charges include first-class airfare (FTCX 2G; FTCX 89-90); expensive hotels (the Ritz Carlton, the Four Seasons) (FTCX 2G; FTCX 89-90); groceries (often Whole Foods but sometimes Trader Joe's) (FTCX 6E; FTCX 6J); gym memberships (L.A. Boxing Club) (FTCX 6F-6G); salons (Vidal Sassoon) (FTCX 6H; FTCX 6I); and—one week after this Court ordered him to pay the \$37 million judgment—\$4,327.00 for draperies (FTCX 6E.).
  2. Trudeau has a history of extravagant personal spending. Between August 2007 and April 2009, these expenditures included \$122,000 on purchases at Tiffany and Co. and Whiteflash, purveyors of fine jewelry. (FTCX 2G.) In addition, Trudeau used his credit cards to spend at least \$143,000 on a private jet service, \$159,000 on airfare, \$207,000 on lodging, and \$70,000 on car rentals. (Id.).
  3. Trudeau denies having any personal property other than \$2000 worth of clothing, but spent more than \$15,000 in one trip to a high-end men's clothier in Zurich only months before he filed the "sworn" statement. (DX 25 at 6; FTCX 90 at 103).

4. Beginning in 2009, various Trudeau-affiliated companies began paying Trudeau's personal expenses. (FTCX 11, Sant Dep. 13:2-13, May 9, 2013.) For example, Trudeau's companies paid every dollar of nearly \$3 million in payments to Trudeau's personal American Express credit card. (FTCX 6C; FTCX 6D; FTCX 10 at 72:19-74:13) Specifically, Natural Cures paid Trudeau's personal credit bills prior to 2010, after which WSU paid Trudeau's personal credit and charge card bills (including American Express, Chase, Bank of America, and Diner's Club). (FTCX 10, Dow Dep. 72:16 - 74:13, 85:2-16, May 8, 2013; FTCX 10F; FTCX 10G.) Both Trudeau and Babenko asserted their Fifth Amendment rights when asked about credit card charges. (Tr. 112:1-115:23 (May 21, 2013); FTCX 14 55:19-58:23).

C. Automobile Spending

1. In 2011, WSU paid \$340,319 for a 2011 Bentley registered in its name. (FTCX 1J; FTCX 2C). In 2010, Babenko purchased a 2010 Dodge Challenger titled in her name for approximately \$48,000. (FTCX 1K; FTCX 2D at 1-2). Finally, KTRN purchased a 2011 Jeep Rubicon registered in its name for \$36,000 (FTCX 2C; FTCX 1L), which one of the domestic staff who worked for Trudeau drove.

D. Homes

1. KTRN, of the entities Trudeau controls, spent more than \$500,000 to rent the Oak Brook, Illinois home in which Trudeau resided until recently. (DX 10A.)
2. KT Corp., holds legal title to Trudeau's home located at 601 Del Oro Drive, Ojai, California. (FTCX 1D; FTCX 22 at 5).
3. Trudeau spent tens of thousands of dollars Trudeau spent to appoint his new Swiss residence with luxury goods. (FTCX 89 at 21) (more than \$58,000 spent at a Zurich furniture store) (FTCX 89 at 26) (more than \$53,000 spent at another Zurich furniture store); (FTCX 90 at 124) (more than \$35,000 spent on floor coverings in Zurich) (FTCX 89 at 21)

E. Attorneys' Fees

1. Since the Court's June 2, 2010 Order To Pay, Trudeau has spent at least \$6.78 million on attorneys fees: \$5.05 million to the Lane's firm (FTCX 18D), and \$1.73 million to Winston & Strawn (FTCX 18E).

F. Escrow Fund

1. Through GIN FDN, Trudeau paid \$2 million to fund an escrow account so that Trudeau could resume broadcasting infomercials (FTCX 3H).



**V. LACK OF EVIDENCE PUT FORTH BY TRUDEAU**

- A. Trudeau offers no evidence explaining what happened to the \$14 million in net profit that GIN USA's "profit and loss" statement reports. (DX 5A)
- B. Trudeau offers no evidence explaining WSU's "profit and loss" statement, which reflects more than \$486,000 in transfers to Trudeau (and more than \$523,000 to Babenko). (DX 24A)
- C. Trudeau offers no evidence explaining dozens of intercompany transfers. (FTXC 12-CC-2). Lane documented some of these transfers through promissory notes; for instance, more than \$1 million transferred from GIN FDN to KTRN in 2012. (FTX 14J) Some of these transfers appear on the "profit and loss" statements of GIN USA, KTRN, and WSU as "Due From" entries. For example, GIN USA transferred more than \$7.5 million to Trudeau-controlled entities not associated with GIN, including approximately \$1 million to International Pool Tour ("IPT"), which Trudeau owns, \$1.3 million to Trudeau Approved Products (a KMT Entity that Trudeau controls), and \$5.2 million to Natural Cures (another KMT Entity that Trudeau controls). DX 5A. KTRN transferred \$4.9 million to Natural Cures and more than \$900,000 to IPT. (DX 10A) WSU transferred \$7.7 million to GIN FDN, \$1.4 million to Trudeau Approved Products (DX 19A), and more than \$600,000 to Natural Cures. (DX 24A) Trudeau offers no evidence explaining any of these transfers.
- D. The only information Trudeau offered regarding GIN FDN's assets are 2010 account statements from an Ohio bank. (DX 4.) GIN FDN maintains a Liechtenstein bank account from which Trudeau withdrew \$2 million (FTCX 10) to fund the court-ordered escrow the Court required him to fund before he could resume infomercials, but Trudeau offered no evidence regarding this account. GIN FDN also wired money to Lane from an account at National Westminster Bank in the United Kingdom, but Trudeau offered no evidence regarding this account.
- E. Trudeau also offered no evidence regarding other offshore entities he controls through Babenko, including APC, Sovereign Trust, N.T. Trading, NBT Trading, Advantage Solutions, and WSS.
- F. The information Trudeau introduced regarding the domestic entities he controls through KMT Fiduciary Trust is limited and incomplete. Trudeau offered no evidence regarding the physical assets the KMT Entities own, although one such company owns Trudeau's Ojai, California house (FTCX 22 at 5), and another KMT Entity owns the home's contents. Trudeau offered no balance sheets, profit and loss statements, or tax returns for any of the KMT Entities. Trudeau offered no testimony regarding these entities (when Trudeau and Sant were asked about these entities, they asserted the Fifth Amendment rather than respond). Trudeau does introduce "weekly cash flow" reports for these entities reflecting one week of activity in April 2013, but these reports are themselves incomplete and, in any event, do not establish anything beyond the one week they summarize (including whether cash was removed before printing the report). Additionally, Trudeau introduces a selection of KMT Entity bank account statements, but there is no way to know whether these accounts are the only accounts the KMT Entities hold.

Furthermore, the KMT Entity bank account statements do not cover the entire period from June 2, 2010 to the present.

- G. With respect to KMT Entity Natural Cures, Trudeau introduced no evidence explaining the facts that suggest it possessed (and may still possess) assets. In 2009, attorneys at Lane’s firm noted that Natural Cures was “revenue generating,” and had the “potential to be sold or taken public through an initial public offering.” (FTCX 12M at 762) Also in 2009, Lane wrote that Natural Cures “has one of the highest earnings of any of the companies in the group” of firms owned by Trudeau or KMT. (FTCX 20U) Although the Natural Cures April 2013 “weekly cashflow summary,” provides an incomplete picture, it shows \$20.3 million in accounts receivable against only \$15.7 million in “bills due.” (DX13A) At least \$10 million of the “bills due” are amounts owed to GIN-related entities, and the exhibit provides no information regarding the receivables. (See id.) Trudeau offers no evidence addressing these facts.
- H. With respect to KMT Entity Natural Cures Holdings (“NCH”), Trudeau offers no evidence explaining how it made \$557,171 in payments to the Lane firm after June 2, 2010. (FTCX 18D). In fact, Trudeau offers only two pieces of evidence regarding NCH: a Westlaw printout stating basic, non-financial information about the company (DX 12A) and a bank account statement showing that the company closed an account in 2011 (DX 12B). However, NCH continued to make payments to Lane’s firm in 2012 (see FTCX 12C), which illustrates that the financial information Trudeau provided regarding NCH’s accounts is incomplete.
- I. Trudeau’s evidence is also significantly incomplete regarding the entities he owns directly (International Pool Tour (“IPT”), Pool Licensing, and Trudeau Management) and his legal defense fund (Natural Cures Health Institute). Trudeau offered no testimony regarding these entities, and their various financial records are incomplete. Trudeau also failed to offer evidence explaining how IPT made \$829,901 in payments to Winston & Strawn after June 2, 2010 (FTCX 18E), along with another \$140,836 to Lane’s firm (FTCX 18D).
- J. In Trudeau’s sworn financial statement, Trudeau does not disclose asset transfers (DX 25), he claims to hold only \$4500 at three banks with “address[es] unknown” to him (DX 25 at 4), and he denies knowing anything about his wife, including her street address, whether she owns vehicles, or what other assets she has. (DX 25 at 4.) Trudeau even denies having any personal property other than \$2000 worth of clothing, (DX 25 at 4) –although he spent more than \$15,000 in one trip to a high-end men’s clothier in Zurich only months before he filed the “sworn” statement. (FTCX 90 at 103.)
- K. Trudeau offered no evidence explaining how his millions in credit card expenses were paid. Trudeau also has not offered documents or testimony establishing that his millions in credit card expenses are all business expenses. (FTCX 6A-J.)
- L. Trudeau’s evidence does not explain what happened to the \$100,000 worth of gold bars he purchased in 2008 (which Trudeau’s “right hand man” Neil Sant swapped for Scotia Bank gold bars in 2011). (FTCX 19.)

- M. Trudeau and Babenko purchased \$285,500 in casino chips between November 2011 and January 2012 (\$200,000 by Babenko and \$85,500 by Trudeau). (FTCX 1N; FTCX 1O; FTCX 1P.) Trudeau then cashed out \$158,375 in casino chips (and Babenko cashed out another \$124,000). (FTCX 1N; FTCX 1O; FTCX 1P.) None of Trudeau's evidence explains what happened to this money. Furthermore, when asked about their casino activities, both Trudeau and Babenko asserted their Fifth Amendment rights rather than respond. (Tr. 11:4-25; FTCX 14:77-78:18.)
- N. None of Trudeau's evidence explains how he can afford a personal "Executive Project Manager." (FTCX 11 at 80:6-14; FTCX 11Z; FTCX14 at 58:24-59:23.)
- O. Finally, none of his evidence addresses how companies he controls – and companies he indisputably owns – have paid more than \$6.7 million in legal expenses since June 2, 2010. (FTCX 18D-E.)

## **VI. LACK OF CREDIBILITY**

- A. The Court previously found that Trudeau is not credible. See *FTC v. Trudeau*, 708 F. Supp. 2d 711, 716 (N.D. Ill. 2010) ("Trudeau has little credibility with this court. Based on his demeanor and conduct, the court has found, and continues to find, that Trudeau cannot be trusted."); *FTC v. Trudeau*, 572 F. Supp.2d 919, 924 (N.D. Ill. 2008) ("Trudeau is not a credible witness."). Nothing Trudeau presented changes that finding.
- B. In fact, Trudeau's lavish lifestyle and his attempts to hide assets reinforce that finding, as well as the Court's prior prediction that "Trudeau is a very creative person who is likely to maintain the lifestyle to which he has become accustomed." *FTC v. Trudeau*, 572 F.Supp.2d 919, 925 (N.D. Ill. 2008).
- C. Furthermore, based on both Trudeau's conduct in litigation regarding Weight Loss Cures and the evidence before the Court with respect to the FTC's pending contempt motion, the Court gives no weight to his assurances that he has made efforts to comply or his promises that he will attempt to comply in the future.

## PROPOSED CONCLUSIONS OF LAW

### I. THE FTC'S *PRIMA FACIE* CASE

- A. A *prima facie* contempt case exists when (1) the order sets forth an unambiguous command; (2) the defendant violated that command; (3) the violation was significant, meaning the defendant did not substantially comply with the order; and (4) the defendant failed to take steps to reasonably and diligently comply with the order. *FTC v. Trudeau*, 579 F.3d 754, 763 (7th Cir. 2009).
- B. The Court's June 2, 2010 order (the "Order To Pay") unambiguously commands Trudeau "to pay forthwith to plaintiff the sum of \$37,616,161, representing the consumer loss resulting from Trudeau's contumacious and deceptive infomercial marketing of the Weight Loss Cure book." Order To Pay (DE372) at 13-14.
- C. It is undisputed that Trudeau has not paid \$37,616,161.
- D. Trudeau has not paid anything beyond two "eleventh-hour," token payments totaling \$54,000. Accordingly, Trudeau has not "substantially complied" with the Order To Pay.
- E. As the Court already found, Trudeau's \$54,000 payment (not made until after the FTC filed the pending contempt motion) and his proposal to self-administer a "consumer remediation plan" were not "reasonable and diligent" efforts to comply. *See* Order (DE535) (Dec. 6, 2012).
- F. Accordingly, as the Court already found, the FTC "establish[ed] a *prima facie* showing of contempt." *Id.* at 2.

### II. TRUDEAU'S BURDEN

- A. Because the FTC has established a *prima facie* case, the burden "shifts to the defendant to demonstrate why he was unable to comply with the order." *FTC v. Trudeau*, 567 F. Supp.2d 1016, 1020 (N.D.Ill. 2007); *see also SEC v. Custable*, No. 94 C 3755, 1999 WL 92260, \*2 (N.D. Ill. Feb. 11, 1999) (*citing United States v. Rylander*, 460 U.S. 752, 757 (1983)).
- B. Only if the defendant satisfies the burden of production does the burden of persuasion shift back to the complainant, who then must prove that defendant actually has the ability to comply. *Custable*, 1999 WL 92260 at \*3 (citations omitted).
- C. To meet his burden, Trudeau must do more than simply assert an inability to pay. *See, e.g., In re Kademoglou*, 199 B.R. 35, 36 (N.D. Ill. 1996).
- D. Trudeau must credibly show a "complete inability" to pay by establishing "clearly, plainly, and unmistakably that compliance is impossible." *In re Resource Tech. Corp.*, 624 F.3d 376, 387 (7th Cir. 2010) (*citing Marine Midland Bank*, 51 F.3d 5, 10 (2d Cir. 1995)) (emphasis added).

- E. Trudeau must show “categorically and in detail” his complete inability to pay. *See, e.g., FTC v. Affordable Media, LLC*, 179 F.3d 1228, 1241 (9th Cir. 1999) (quotation omitted).
- F. Because an “inability to comply” defense is unavailable to a defendant responsible for his own inability to comply, Trudeau must also show that any inability to pay was not self-induced. *See, e.g., United States v. Bryan*, 339 U.S. 323, 330-32 (1950) (noting that a party may be held in contempt for failing to produce documents that he does not possess if “he is responsible for their unavailability”); *Chicago Truck Drivers Union v. Brotherhood Labor Leasing*, 207 F.3d 500, 506 (8th Cir. 2000) (“[A] mere assertion of ‘present inability’ is insufficient to avoid a civil contempt finding. Rather, alleged contemnors defending on the ground of inability must establish . . . that their inability to comply was not self-induced[.]”) (citation omitted); *In re Power Recovery Sys., Inc.*, 950 F.2d 798, 803 (1st Cir. 1991) (“[A] party may defend contempt and failure to comply on the grounds that compliance was impossible; self-induced inability, however, does not meet the test.”); *Pesaplastic, C.A. v. Cincinnati Milacron Co.*, 799 F.2d 1510, 1521-22 (11th Cir. 1986) (“In the present case, Tedruth and the Law Firm cannot raise the defense of impossibility because their own actions were responsible for their subsequent inability to comply.”); *United States v. Lay*, 779 F.2d 319, 320 (6th Cir. 1985) (upholding contempt finding where defendant induced his purported inability to pay by divesting himself of assets); *United States v. Seetapun*, 750 F.2d 601, 605 (7th Cir. 1984) (holding that District Court committed clear error when it declined to hold defendant in contempt; court failed to analyze facts in accordance with contempt authority governing “those responsible for their own inability to comply with enforcement orders”) (citing *Bryan*, 339 U.S. at 330-32) (citation omitted).<sup>1</sup>
- G. Citing *Maggio v. Zeitz*, 333 U.S. 56 (1948), Trudeau contends that only his “current” ability to pay matters. *Maggio*, however, concerns not whether an alleged contemnor has a valid “inability to comply” defense to contempt, but how long a court can continue to incarcerate someone it has already found in contempt. *See id.* at 376. Specifically, *Maggio* holds that, “[s]ince it is impossible to succeed in coercing that which is beyond a person’s power to perform, continued incarceration for civil contempt ‘depends upon the ability of the contemnor to comply with the court’s order.’” *In re Grand Jury Investigation*, 600 F.2d 420, 423 (3d Cir. 1979) (quoting *Maggio*, 333 U.S. at 76) (emphasis added). Therefore, under *Maggio*, the Court cannot incarcerate Trudeau as a coercive contempt sanction if he proves that he cannot presently pay anything more, nor can the Court continue his coercive incarceration if, in the future, he proves that he cannot presently pay anything more. Thus, *Maggio* does not alter or conflict with the extensive authority that, to prove an “inability to pay” defense to contempt, an alleged contemnor must show that any inability was not self-created.

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<sup>1</sup> *See also SEC v. Douglas*, No. 3:82cv29, 2012 WL 3587203, \*8-\*9 (N.D. Ohio Aug. 20, 2012) (rejecting self-induced inability to pay as a defense; “divesting oneself of assets that would otherwise have been available to satisfy a disgorgement order has routinely been condemned by the courts”); *SEC v. Goldfarb*, No. C 11-00938, 2012 WL 2343668, at \*6 (N.D. Cal. June 20, 2012) (finding inability to pay self-induced; “Instead of paying down money owed on the final judgment, defendant Goldfarb chose to continue to support his luxurious lifestyle.”).

- H. Finally, Trudeau must show that he has made in good faith “all reasonable efforts” to comply. *Chicago Truck Drivers*, 207 F.3d at 506; *In re Power Recovery Sys., Inc.*, 950 F.2d 798, 803 (1st Cir. 1991); *Affordable Media*, 179 F.3d at 1239 (quotation omitted).
- I. Courts strictly construe the “all reasonable efforts” standard. Even a showing of diligent and substantial efforts, without a showing of all reasonable efforts, is insufficient to rebut a *prima facie* showing of contempt. *Custable*, 1999 WL 92260 at \*2. When an alleged contemnor asserts an “inability to pay” defense, but has dissipated assets rather than pay, he necessarily has not made “all reasonable efforts” to comply. A defendant ordered to pay cannot avoid contempt by dissipating assets and then asserting he cannot comply.
- J. An “inability to pay” contempt defense is a “difficult” one to establish. *Dystar Corp. v. Canto*, 1 F. Supp. 2d 48, 55 (D. Mass. 1997).

### III. TRUDEAU UTTERLY FAILED TO ESTABLISH AN INABILITY TO PAY.

- A. Trudeau controls multiple entities that his wife, Nataliya Babenko, nominally owns. FOF II.B.1.a-d. These entities include six enterprises associated with the “Global Information Network” (GIN USA, KT Radio Network, Website Solutions USA (“WSU”), Website Solutions Switzerland,<sup>2</sup> Global Information Network FDN (“GIN FDN”), APC Trading, and NBT Trading), as well as three other offshore entities (Sovereign Trust, Advantage Solutions, and N.T. Trading S.A.). FOF II.A, II.B. Trudeau also controls an offshore trust (KMT Fiduciary Trust), which directly or indirectly owns multiple companies (including, among others, Alliance Publishing, Direct Response Associates, K.T. Corporation, Natural Cures, Natural Cures Holdings, TRUCOM, Trudeau Approved Products, Trustar Marketing, Trustar Productions). FOF II.A, II.B. Finally, Trudeau is the legal or *de facto* owner various domestic entities including, among others, International Pool Tour, Trudeau Management, and Natural Cures Health Institute (which Trudeau operates as a legal defense fund). FOF II.A, II.B.
- B. Trudeau’s control over these domestic and offshore entities is evident from his communications with “asset protection” specialist Marc Lane, Trudeau’s communications with his “right hand man” Suneil Sant, and from Lane’s testimony. FOF II.B.1.a.-d, e; II.B.2.. Trudeau offered no contrary evidence suggesting that he did not control the entities at issue.

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<sup>2</sup> This entity may have changed its name and corporate form to Sales Solutions International, A.G. FOF II.A.2.f.

- C. Additionally, Trudeau, Sant, and Babenko asserted their Fifth Amendment right against self-incrimination rather than respond to numerous questions regarding Trudeau's control over the various entities at issue. As such, the Court infers that their responses, if given, would have been adverse to Trudeau (specifically, the Court infers that the responses, if given, would have established that Trudeau controls the entities at issue). *See, e.g., Cent. States, S.E. & S.W. Areas Pension Fund v. Wintz Props., Inc.*, 155 F.3d 868, 872 (7th Cir. 1998) (“[I]nvoicing the Fifth Amendment in a civil context invites an inference that the witness’ testimony would be adverse to his interests[.]”) (citing *Baxter v. Palmigiano*, 425 U.S. 308, 318 (1976)); *State Farm Mut. Auto. Ins. Co. v. Abrams*, No. 96 C 6365, 2000 WL 574466 at \*6 (N.D. Ill. May 11, 2000) (“Most of the courts that have imputed adverse Fifth Amendment inferences from one party to another have done so where there is a close family or business relationship between the person who exercised the Fifth Amendment right and the individual against whom an adverse inference is drawn.”). This further supports the conclusion that Trudeau controls the entities at issue.
- D. Because Trudeau controls numerous domestic and offshore companies, two offshore trusts, the Nevis-based Global Information Network Foundation (“GIN FDN”), and a legal defense fund (“Natural Cures Health Institute”), he has the burden to produce evidence demonstrating “clearly, plainly and unmistakably” that these entities did not have assets he could have used to comply with the Order To Pay. *See, e.g., Resource Tech.*, 624 F.3d at 387 (citation omitted).
- E. Trudeau introduced financial records concerning only a subset of the domestic entities at issue. Trudeau introduced no evidence concerning GIN FDN’s offshore accounts. Furthermore, Trudeau introduced no evidence at all concerning APC Trading Limited, Sovereign Trust, N.T. Trading S.A., NBT Trading Limited, Advantage Solutions Ltd., and Website Solutions Switzerland.
- F. Additionally, the financial records Trudeau provided regarding his domestic entities are plainly incomplete. In most cases, Trudeau introduced only selected bank statements and recent “weekly cash flow summaries.” These records do not reveal what cash these entities held in the past, what cash they currently hold in other undisclosed accounts, or what non-cash assets they hold. For instance, Isle of Man entity K.T. Corporation owns Trudeau’s Ojai, California home, FOF II.C.4, which K.T. Corporation’s bank statements and “weekly cash flow summaries” do not reflect.
- G. Trudeau’s extremely incomplete financial records do not establish “clearly, plainly and unmistakably” that Trudeau does not control assets that he could use to comply with the Order To Pay. *See, e.g., Resource Tech.*, 624 F.3d at 387 (citation omitted).

- H. Trudeau also failed to present evidence explaining what happened to specific corporate and personal assets that he could have used to comply with the Order To Pay. Among other things, GIN USA earned more than \$14 million since its inception, DX 5A, but Trudeau offers no evidence regarding where this money went. There are also many suspect intercompany transfers between Trudeau's companies. DX 24A, FOF V.C. Many of these transfers involved millions of dollars, *see* DX 5A, 10A, and 24A, but Trudeau offers no evidence explaining them. Additionally, the WSU "profit and loss" statement Trudeau produced (DX 24A) reflects \$486,000 in transfers to Trudeau (and \$523,000 to Babenko), but Trudeau does not explain where this money went. Furthermore, the FTC presented evidence that Trudeau purchased \$100,000 in gold bars, FOF II.A.5.b., FOF III.G, and cashed out \$158,375 in casino chips from Rivers Casino (Babenko cashed out another \$124,000), FOF III.E-F, but Trudeau introduced no evidence concerning the gold bars or his casino activities.
- I. In fact, when asked about these subjects, both Trudeau and Babenko refused to answer on Fifth Amendment grounds, from which the Court infers that their answers would have been adverse to Trudeau. Specifically, the Court infers that Trudeau controls \$100,000 in gold bars and \$282,375 in cash that he and his wife received from Rivers Casino. For this reason as well, Trudeau has not met his burden to produce evidence demonstrating "clearly, plainly and unmistakably" that he cannot pay anything more to compensate his victims. *See, e.g., Resource Tech.*, 624 F.3d at 387 (citation omitted).
- J. Trudeau introduced his personal tax returns. These tax returns, however, are not credible. At least \$6 million in federal and state tax liens have been filed against Trudeau, which suggests that Trudeau has understated his income to authorities previously. Additionally, Trudeau's corporate counsel Marc Lane prepared the returns. In 2008, Lane prepared a "balance sheet" that purported to show Trudeau's poverty, but the Court concluded that the "balance sheet" was "not worth the paper it is written on." Mem. Op. (Aug. 7, 2008) (DE157) at 9. Most important, the tax returns—even if accurate—would not disclose hidden assets that Trudeau has disguised as Babenko's, or as the property of an offshore trust.
- K. Trudeau also introduced a sworn financial statement in which he claims to have no material assets. The financial statement is not credible for numerous reasons, including that it provides no information about entities his wife nominally owns, or about the offshore trusts that he controls.
- L. Additionally, after the hearing concluded, Trudeau attempted to introduce a report apparently prepared by accountants who analyzed financial records that Trudeau provided them. Because the report is hearsay and was not disclosed to the FTC until after the hearing, the report is inadmissible. In addition, the report only concerns Trudeau's domestic entities and merely summarizes limited financial information that WSU's CFO (Michael Dow) provided to the authors. It is not an audit of that financial information, and the authors made no effort to verify the accuracy or completeness of the information Dow provided. Accordingly, even if the Court admitted the report, it would not alter the finding that Trudeau has not met his burden.



- M. Finally, at trial, Trudeau did not call any witnesses. When the FTC called Trudeau, he asserted his Fifth Amendment privilege in response to 382 questions. This does not satisfy his burden. *See, e.g., United States v. Rylander*, 460 U.S. 752, 758-62 (1983) (asserting the Fifth Amendment in a contempt proceeding is no substitute for proving one's inability to comply with the court's order).

**IV. TRUDEAU CONTROLS SIGNIFICANT ASSETS, HAS DISSIPATED MILLIONS, AND HAS HIDDEN ASSETS.**

- A. In addition to the evidence that Trudeau controls assets (including, for example, the \$14 million in GIN USA net profit, the \$486,000 WSU transferred to Trudeau, the Ojai, California home, the Rivers Casino proceeds, and the gold bars Trudeau purchased), the FTC established that Trudeau dissipated at least \$12 million since the Court entered the Order to Pay. This \$12 million includes \$5.05 million paid to Lane's firm, FOF II.B.1.e.i.8, \$1.73 million paid to Trudeau's litigation counsel, FOF II.B.1.e.i.7, \$2 million GIN FDN paid to fund a court-ordered escrow account so that Trudeau could resume broadcasting infomercials, FOF II.B.1.e.i.6, and \$3.28 million in Diner's Club and American Express charges, FOF IV.B.4.
- B. The credit card charges include hundreds of thousands of dollars in luxury goods (including purchases made to appoint Trudeau's new Zurich residence), FOF IV.B, and hundreds of thousands of dollars of more mundane but obviously personal expenses (groceries, haircuts, gym memberships, and so forth), FOF IV.B. When asked about these charges, both Trudeau and Babenko invoked their Fifth Amendment privilege, FOF IV.A, entitling the FTC to an inference that Trudeau could have used those funds to comply with the Order To Pay.
- C. Accordingly, if Trudeau truly cannot pay more than the \$54,000 token payment he made, that inability is self-created, and Trudeau's "inability to pay" defense fails for this reason as well. *See, e.g., Bryan*, 339 U.S. at 330-32; *Seetapun*, 750 F.2d at 605.
- D. The evidence demonstrates that Trudeau engaged in substantial efforts to hide assets from the FTC. Trudeau's counsel, Marc Lane, is a self-professed specialist in "asset protection planning." FOF III.B. Lane provided Trudeau with advice regarding how to keep Trudeau's assets from the FTC, including the advice to "maintain only minimal cash (or other assets) in IPT or any company you own," FOF III.B.2, advice regarding "opening a bank account in a country which has been identified as not enforcing judgments, and particularly U.S. judgments," FOF III.B.1, and advice to "stay away from" an offshore trust company that had previously "caved in" and "turned over . . . assets . . . to the FTC," FOF III.B.4.
- E. In addition to the advice he received from Lane, Trudeau instructed his subordinates to move assets and business operations offshore as much as possible. FOF III.D.
- F. Trudeau's efforts to hide money and live lavishly are consistent with the Court's prior findings that "Trudeau is a very creative person who is likely to maintain the lifestyle to which he has become accustomed," *FTC v. Trudeau*, 572 F.Supp.2d 919, 925 (N.D. Ill. 2008), and that Trudeau cannot be trusted, *see FTC v. Trudeau*, 708 F. Supp. 2d 711, 716 (N.D. Ill. 2010) ("Trudeau has little credibility

with this court. Based on his demeanor and conduct, the court has found, and continues to find, that Trudeau cannot be trusted.”), *FTC v. Trudeau*, 572 F. Supp.2d 919, 924 (N.D. Ill. 2008) (“Trudeau is not a credible witness.”). The Court has already found, and continues to find, that Trudeau is not credible. Given Trudeau’s contemptuous history, his lavish lifestyle, and his attempts to hide assets, his general claim of poverty is not credible and carries no weight.

- G. Trudeau’s extensive “asset protection” effort (moving assets offshore, placing them in trusts, and funneling them through entities his wife controls) provides still further evidence that Trudeau has not established an “inability to pay.” In fact, the evidence, viewed as a whole, establishes that Trudeau could have paid vastly more than he has, and that Trudeau continues to control significant assets that he could use to comply with the Court’s order that he compensate his victims.
- H. Trudeau is in contempt of the Court’s June 2, 2010 Order To Pay.

**V. INCARCERATION IS THE ONLY WAY TO COERCE TRUDEAU TO COMPLY WITH THE COURT’S ORDER TO PAY.**

- A. The Court has the inherent power to enforce its Order To Pay by holding Trudeau in civil contempt and imposing coercive sanctions. *See, e.g., Shillitani v. United States*, 384 U.S. 364, 370 (1966); *United States v. United Mine Workers of Am.*, 330 U.S. 258, 303-04 (1947); *Jones v. Lincoln Elec. Co.*, 188 F.3d 709, 737 (7th Cir. 1999).
- B. The Seventh Circuit and other circuits have repeatedly held that analogous orders to pay monetary relief are enforceable by contempt. *See, e.g., Resource Tech.*, 624 F.3d at 376 (holding company in contempt for violating order to pay \$500,000 into escrow account); *Central States Fund v. Wirtz*, 155 F.3d 868, 875-76 (7th Cir. 1998) (holding company owner in contempt for violating order to pay employee pension liability payments); *Huber v. Marine Midland Bank*, 51 F.3d 5, 11 (2d Cir. 1995) (holding attorney in contempt for failing to pay court-ordered fines); *CFTC v. Wellington Precious Metals*, 950 F.2d 1525, 1529-30 (11th Cir. 1992) (securities fraud disgorgement order enforceable by contempt).
- C. FRCP 69(a)(1) provides that “[a] money judgment is enforced by a writ of execution, unless the court directs otherwise.” (Emphasis added). This “otherwise clause” allows courts to enforce judgments through other means (such as contempt) when “well-established principles so warrant.” *Aetna Cas. v. Markarian*, 114 F.3d 346, 349 (1st Cir. 1997). These principles include “action[s] to pay an obligation imposed by statute in order to enforce the public policies embodied in the statutory scheme.” *Id.* at 349 n.4 (citing *McComb v. Jacksonville Paper Co.*, 336 U.S. 187, 193-95 (1949)).<sup>3</sup>

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<sup>3</sup> *See also Trustees of the Chi. Truck Drivers Pension Fund v. Cent. Transport, Inc.*, No. 86 C 6224, 1990 WL 253616, at \*1 (N.D. Ill. Dec. 17, 1990) (noting that, when the order is in the form of an injunction to “enforce[e] an important public policy,” Rule 69(a) allows enforcement through contempt); *Robbins v. Labar Transp. Corp.*, 599 F. Supp. 705, 708 (N.D. Ill. 1984) (explaining that if the judgment were only one for routine “money damages, plaintiffs would not be entitled to seek to enforce the judgment through invocation of the court’s contempt

- D. The FTC is seeking to enforce an order based on a serious violation of the FTC Act. When a court issues an order to pay that furthers “public policies embodied in [a] statutory scheme,” the order to pay necessarily directs that enforcement alternatives include contempt. *See Markarian*, 114 F.3d at 349 n.4. Accordingly, the FTC may enforce the Order To Pay through contempt.
- E. In fact, Courts of Appeals have twice reversed District Courts that have erroneously required an agency enforcing an order to use execution. *See Usery v. Fisher*, 565 F.2d 137, 140 (10th Cir. 1977) (“[W]e conclude the trial court erred in holding that the Secretary should resort to execution or garnishment, and [in] denying the petition for contempt because the Secretary failed to do so.”); *Hodgson v. Hotard*, 436 F.2d 1110, 1113 (5th Cir. 1971) (“The District Court’s refusal to hold Hotard in contempt rests on the erroneous assumption that a judgment entered pursuant to section 17 of the Fair Labor Standards Act is merely a money judgment, which under Florida law is enforceable only by levy or execution against Hotard’s property. The fallacy implicit in this assumption is its premise that no public right is involved.”).
- F. Under FRCP 69(a)(1), the Federal Debt Collection Procedures Act, 28 U.S.C. § 3001, *et seq.*, also presents an alternative means pursuant to which the FTC theoretically could execute against Trudeau’s assets. Specifically, FRCP 69(a)(1) provides that the procedure for enforcing a money judgment is governed by the law of the state where the court is located, “but a federal statute governs to the extent it applies.”
- G. The FDCPA is such a federal statute because it “provides the exclusive civil procedures for the United States to . . . recover a judgment on a debt,” 28 U.S.C. § 3001(a)(1), including federal agencies such as the FTC, *see e.g.*, *FTC v. Nat’l Business Consultants, Inc.*, 376 F.3d 317, 320 (5th Cir. 2004).<sup>4</sup> Most important, the FDCPA does not “supersede or modify . . . the authority of a court . . . to exercise the power of contempt under any Federal law.” 28 U.S.C. § 3003(c)(8)(C) (emphasis added). Accordingly, the FDCPA explicitly neither lessens nor alters the Court’s contempt power.

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powers under Rule 69(a),” but further explaining that contempt was appropriate because the judgment at issue implicated “national labor policies”) (citing *Jacksonville Paper*, 336 U.S. at 194-95); *Goddard Sys., Inc. v. Tyson*, No. 07-5372, 2009 U.S. Dist. LEXIS 57811, at \*4 (E.D. Pa. July 8, 2008) (“Rule 69 provides that ‘a money judgment is enforced by a writ of execution, unless the court directs otherwise....’ While we agree that the ordinary procedure is to proceed by writ of execution, we find that contempt is appropriate in this case.”) (enforcement of consent decree requiring payment) (court’s emphasis) (citations and alterations omitted) (mag. op.); *Motorola Credit Corp. v. Nokia Corp.*, 288 F. Supp. 2d 558, 561 (S.D.N.Y. 2003) (explaining that “Rule 69(a) does, however, include two qualifications to its dependence on the vagaries of state law,” one of which is the “otherwise clause,” which includes situations in which use of “the court’s contempt powers” is appropriate).

<sup>4</sup> The FDCPA also “preempt[s] State law to the extent such law is inconsistent.” 28 U.S.C. § 3003(d).

- H. Although the FDCA presents an alternative means by which the FTC could execute against Trudeau's assets, this option is not feasible because Trudeau has carefully dispersed his assets among multiple entities, none of which he owns directly, and most of which he strategically placed overseas in asset protection havens. FOF II, III.
- I. When evaluating a coercive sanction, "the court must 'consider the character and magnitude of the harm threatened by continued contumacy, and the probable effectiveness of any suggested action in bringing about the result desired.'" *Custable*, 1999 WL 92260 at \*2 (quoting *United Mine Workers*, 330 U.S. at 303-04). Here, the harm is significant: no recovery for Trudeau's 800,000 victims. More important, no sanction other than coercive incarceration will "bring[] about the result desired," which is redress for those victims.
- J. Any alternative that requires the FTC to use normal judgment collection processes will fail because Trudeau's holds his assets largely offshore in trusts or entities his wife nominally owns.
- K. Fining Trudeau will not work. He has already ignored multiple orders, including the Order To Pay. Adding to his unmet financial obligations will not bring about his compliance.
- L. Ordering Trudeau to cooperate with independent accountants also will not work. This is Trudeau's third contempt. FOF I.A.-D. Trudeau has demonstrated repeatedly that court orders without real sanctions are meaningless to him. Furthermore, unless Trudeau is incarcerated, he will move any assets an accounting reveals, and consumers will not receive compensation.
- M. The absence of feasible alternatives explains why courts have incarcerated contemnors in similar cases. *See, e.g., Affordable Media*, 179 F.3d at 1241-42 (9th Cir. 1999) (incarcerating contemnors Denyse and Michael Anderson until they repatriated offshore assets); *id.* at 1240-42 ("The asset protection' aspect of these foreign trusts arises from the ability of people . . . to frustrate and impede the United States courts by moving their assets beyond those courts' jurisdictions"; incarcerating contemnors until they repatriated offshore assets); *In re Lawrence*, 279 F.3d 1294, 1300 (11th Cir. 2002) (ordering contemnor who created an offshore trust incarcerated; contemnor had created an asset protection trust "in an obvious attempt to shelter his funds from an expected adverse arbitration award").
- N. Accordingly, Trudeau must be incarcerated to coerce him to comply with the Order To Pay.

**I. ORDER**

- A. Trudeau is ordered to surrender to the United States Marshals Service for the Northern District of Illinois within twenty-four hours (or the Court will issue a writ of bodily attachment and instruct the Marshals to take Trudeau into custody).

- B. Trudeau will remain in the custody of the United States Marshals or the Bureau of Prisons until one of three conditions is satisfied: (1) Trudeau fully complies with the Court's Order To Pay; (2) the Court finds that continued incarceration no longer serves a coercive purpose; or (3) Trudeau completes a full accounting and turns over all assets that he controls.
- C. The FTC is ordered to nominate an appropriately qualified independent accounting firm within two business days.
- D. Trudeau is ordered to pay to engage the firm the FTC nominates.
- E. Trudeau, as well as the companies he controls, are ordered to cooperate fully with that firm (including any requests for information it makes).

Dated: July 15, 2013

David O'Toole (dotoole@ftc.gov)  
Federal Trade Commission  
55 West Monroe Street, Suite 1825  
Chicago, Illinois 60603-5001  
Phone: (312) 960-5601  
Fax: (312) 960-5600

Respectfully Submitted,

/s/ Amanda B. Kostner  
Michael Mora (mmora@ftc.gov)  
Jonathan Cohen (jcohen2@ftc.gov)  
Amanda B. Kostner (akostner@ftc.gov)  
Federal Trade Commission  
600 Pennsylvania Ave., N.W. M-8102B  
Washington, DC 20580  
Phone: 202-326-3373; -2551  
Fax: 202-326-2551

### **CERTIFICATE OF SERVICE**

I, Amanda B. Kostner, hereby certify that on July 15, 2013, I caused to be served true copies of the foregoing by electronic means, by filing such documents through the Court's Electronic Case Filing System, which will send notification of such filing to:

Kimball Richard Anderson  
[kanderson@winston.com](mailto:kanderson@winston.com)

Thomas Lee Kirsch, II  
[tkirsch@winston.com](mailto:tkirsch@winston.com)

Katherine E. Rohlf  
[kcroswell@winston.com](mailto:kcroswell@winston.com)

/s/ Amanda B. Kostner  
Amanda B. Kostner (akostner@ftc.gov)  
Attorney for Plaintiff  
Federal Trade Commission

# **Exhibit 6**

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

|                           |   |                           |
|---------------------------|---|---------------------------|
| FEDERAL TRADE COMMISSION, | ) |                           |
|                           | ) |                           |
| Plaintiff,                | ) | No. 03 C 3904             |
| v.                        | ) |                           |
|                           | ) | Judge Robert W. Gettleman |
| KEVIN TRUDEAU,            | ) |                           |
|                           | ) |                           |
| Defendant.                | ) |                           |

**ORDER**

This matter came before the court for hearing on plaintiff Federal Trade Commission’s (“FTC”) motion (Doc. 481) to hold defendant Kevin Trudeau (“Trudeau”) in contempt and to incarcerate him for failure to comply with the court’s order directing him to pay more than \$37 million as a remedy for his previous contempt of this court’s orders. For the reasons stated in open court, the court grants in part the FTC’s motion, finds Trudeau in contempt of the court’s order of June 2, 2010 (Doc. 372), and orders as follows:

- (1) This court has thoroughly reviewed and confirmed the accuracy of the findings of fact and conclusions of law proposed by the FTC (Doc 713), as well as the citations to the record therein, and adopts and incorporates Findings II through VI and Conclusions I through IV.
- (2) (a) On or before noon on July 30, 2013, the FTC is to submit the name and qualifications of a Receiver (along with a preliminary proposal for compensating the Receiver) for all of Trudeau’s assets, including all entities, foreign and domestic, owned or controlled by Trudeau (the “Trudeau Entities”). These Entities specifically include, but are not limited to, KTRN, WSS, WSU, KT



Corporation, Ltd., the GIN Entities, the KMT Fiduciary Trust, Sovereign Trust, and other Trusts established by and for the benefit of Trudeau and the Trudeau Entities, IPT, Natural Cures Holdings, APC, and NBT Trading.<sup>1</sup> The Receiver will also serve as a Receiver of any and all personal assets owned or controlled by Trudeau that are not included in the Trudeau Entities, other than those personal assets exempted by law. The Receiver shall marshal and hold Trudeau's assets for the purpose of paying to the FTC the sum ordered by the court on June 2, 2010.

(b) The court may interview the proposed Receiver in camera before deciding to approve the Receiver nominated by the FTC. If Trudeau agrees to the appointment of the proposed Receiver, his counsel shall notify the court on or before July 30, 2013, at 1:00 p.m., at which time the he court will hold a hearing with respect to the appointment of the Receiver.

- (3) Trudeau will be ordered to execute any and all documents drawn by the FTC (or the Receiver, if appointed by then) to transfer all ownership, control and direction of any and all Trudeau Entities to the Receiver. Any dispute as to the form of such documents must be brought to the court's attention immediately. These transfers will include the right by the Receiver to any and all revenue generated by the Trudeau Entities, including but not limited to membership dues, salaries

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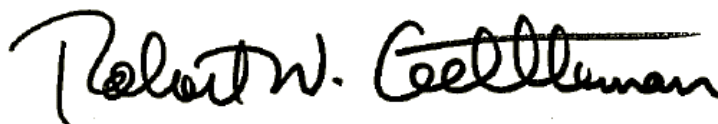
<sup>1</sup>The acronyms used herein are those used by the parties and specifically defined in the FTC's proposed findings of fact and conclusions of law (Doc. 713).

and royalties payable to Trudeau or on behalf of Trudeau or persons or entities controlled by Trudeau.

- (4) Trudeau will also be ordered to execute any and all documents drawn by the FTC (or the Receiver if appointed by then) to transfer all bank accounts, brokerage accounts, securities, and other liquid assets, along with the title to any automobiles and any personal property not exempted by law to the Receiver. Trudeau will be ordered to direct the production of all records and statements from bank and brokerage accounts controlled by him at the direction of the Receiver. The Receiver shall allow Trudeau to retain sufficient funds and property for ordinary and necessary living expenses. Any disputes regarding the propriety of such expenses shall be brought to the court for resolution. Trudeau will be ordered to cooperate fully with the Receiver and comply with the Receiver's directions to effectuate control over the assets and revenues covered by this order, including but not limited to providing sworn statement(s) of any and all money and property received by Trudeau from any source (specifically including the Trudeau Entities and persons associated therewith) to the Receiver.
- (5) Until further order of court, Trudeau, along with all persons and entities acting in concert with him, are enjoined from directing the transfer or use of any money or property of any Trudeau Entity, or of transferring or spending any money or property other than for Trudeau's ordinary and necessary living expenses and attorneys fees as approved by the court.

- (6) Failure to comply fully with the directions contained in this order will result in Trudeau's immediate incarceration until such compliance is achieved.

**ENTER: July 26, 2013**



---

**Robert W. Gettleman**  
**United States District Judge**

# **Exhibit 7**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS**

|                           |  |                            |
|---------------------------|--|----------------------------|
| <hr/>                     |  | )                          |
| FEDERAL TRADE COMMISSION, |  | )                          |
|                           |  | )                          |
| Plaintiff,                |  | ) Case No. 03-C-3904       |
|                           |  | )                          |
| v.                        |  | ) Hon. Robert W. Gettleman |
|                           |  | )                          |
| KEVIN TRUDEAU,            |  | )                          |
|                           |  | )                          |
| Defendant.                |  | )                          |
| <hr/>                     |  | )                          |

**ORDER APPOINTING A RECEIVER  
AND IMPLEMENTING ANCILLARY RELIEF**

This matter came before the Court on Plaintiff Federal Trade Commission’s (“FTC’s”) motion to hold Defendant Kevin Trudeau in contempt (DE481). In accordance with the Court’s inherent power and LR 66.1, and consistent with this Court’s order (DE729) granting the FTC’s motion in part, the Court finds as follows:

(1) The Court found Trudeau in contempt of the Court’s June 2, 2010 order (DE372). The July 26, 2013 order (DE729) (finding Trudeau in contempt of the Court’s June 2, 2010 order) is incorporated herein by reference.

(2) Pursuant to that July 26, 2013 order (DE729), the Court reiterates that it has thoroughly reviewed and confirmed the accuracy of the FTC’s proposed findings of fact and conclusions of law (DE713), as well as the citations to the record therein, and adopts and incorporates Findings II through VI and Conclusions I through IV in this order.

(3) Although the Court has the legal authority to incarcerate Trudeau as a coercive contempt sanction at this time, the Court created the receivership detailed herein to offer Trudeau a final opportunity to avoid coercive incarceration as a contempt sanction.

Accordingly, the Court orders as follows:

**I. DEFINITIONS**

For the purpose of this order, the following definitions shall apply:

(1) Persons and entities “**acting in concert**” with Trudeau include, without limitation: (A) Trudeau’s agents and attorneys (including both present and past agents and attorneys); (B) the Trudeau Entities (as defined herein); (C) their officers, agents, servants, employees, and attorneys; (D) Nataliya Babenko, (E) her agents and attorneys (including both present and past agents and attorneys); and (F) any person or entity “in active concert or participation with” Trudeau or any person or entity identified in (A) through (E) of this paragraph. The phrase “in active concert or participation with” is defined in accordance with its meaning in FRCP 65 (d)(2)(C). Notwithstanding the foregoing, nothing in this order restrains, limits or enjoins the conduct of Nataliya Babenko with respect to: (i) Assets that she did not acquire directly or indirectly from Trudeau or the Trudeau Entities, and were not derived in any manner from Trudeau or the Trudeau Entities; or (ii) Assets that she lawfully acquired after July 26, 2013.

(2) “**Assets**” means any real property, any personal property (including, without limitation, any vehicles, jewelry, coins, artwork, antiques, collectibles, bullion and gold bars), any currency or other legal tender (of any country), money market accounts, accounts receivable, savings accounts, checking accounts, other financial accounts of any sort, certificates of deposit, uncashed checks, money orders, promissory notes, commercial paper of any sort, stocks, stock options, mutual funds, other securities of any sort, corporate bonds, public bonds, other bonds of any sort, insurance policies with any cash surrender value, trademarks, copyrights, patents, other intellectual property, interests in any companies or corporate entities (in any form), partnership interests, trust interests, and any interest of any sort in any of the foregoing, or rights to any interest, of any sort, in any of the foregoing, wherever any such asset is located, whether in the United States or abroad; *provided*, however, that “Asset” excludes any personal asset both: (A) legally owned by Trudeau in his personal capacity as of July 26, 2013; and (B) exempted by law pursuant to 11 U.S.C. § 522(d).

(3) “**Business Premises**” means any premises or storage facilities owned, controlled, or used by Trudeau or the Trudeau Entities as well as any other location where Trudeau and the Trudeau Entities conducted business and where property or business records are likely to be

located. Such locations include, without limitation, the offices and facilities of the Trudeau Entities on Quail Ridge Drive in Westmont, Illinois. *Provided*, however, that no premises used by Trudeau, or any person acting in concert with Trudeau, constitute “Business Premises” if such premises are used primarily as a personal residence, and such residence is owned or leased by Trudeau or a person acting in concert by Trudeau (rather than by a Trudeau Entity). In addition, with respect to 3108 White Oak Lane, Oak Brook, Illinois (“the White Oak Property”) only, such property will not constitute Business Premises, and Trudeau and other persons acting in concert with Trudeau may reside there; *provided*, however, the White Oak Property may be converted to “Business Premises” within the meaning of this Order if (1) the Receiver provides Trudeau, the White Oak Property’s lessee, and Plaintiff with fourteen days written notice that the White Oak Property will become Business Premises within the meaning of this Order; or (2) the Court orders otherwise. Furthermore, for avoidance of doubt, even if the White Oak Property becomes Business Premises, the Receiver has the authority (but not the obligation) to agree in writing that Trudeau and/or persons acting in concert with Trudeau may reside there (under such written terms as the Receiver accepts).

(4) “**Defendant**” means Kevin Trudeau.

(5) “**Documents**” shall mean the complete original and any non-identical copy (whether different from the original because of notations on the copy or otherwise), regardless of origin or location, of any written, typed, printed, transcribed, filmed, punched, or graphic matter of every type and description, however and by whomever prepared, produced, disseminated or made, including but not limited to any advertisement, book, pamphlet, periodical, contract, correspondence, file, invoice, memorandum, note, telegram, report, record, handwritten note, working paper, routing slip, chart, graph, paper, index, map, tabulation, manual, guide, outline, script, abstract, history, calendar, diary, agenda, minute, code book or label. “Document” shall also include Electronically Stored Information.

(6) “**Electronically Stored Information**” or “**ESI**” shall mean the complete original and any non-identical copy (whether different from the original because of notations, different

metadata, or otherwise), regardless of origin or location, of any information created, manipulated, communicated, stored, or utilized in digital form, requiring the use of computer hardware or software. This includes, but is not limited to, text messages, electronic mail, instant messaging, videoconferencing, and other electronic correspondence (whether active, archived, or in a deleted items folder), word processing files, spreadsheets, databases, and video and sound recordings, whether stored on: cards; magnetic or electronic tapes; disks; computer hard drives, network shares or servers, or other drives; cloud-based platforms; cell phones, PDAs, computer tablets, or other mobile devices; or other storage media. “ESI” also includes such technical assistance or instructions as will enable conversion of such ESI into a reasonably usable form.

(7) “**Plaintiff**” means the Federal Trade Commission.

(8) “**Receiver**” means the person or entity appointed pursuant to Section IV of this order.

(9) “**Trudeau Entities**” include all entities, foreign or domestic, owned or controlled by Trudeau. The Trudeau Entities include, without limitation: 0913372 B.C. Ltd.; 0913376 B.C. Ltd.; Advantage Solutions Ltd; Alliance Publishing Group, Inc.; APC Trading Limited; Direct Response Associates, LLC; GIN USA Inc.; Global Information Network FDN; Global Sales Solutions A.G., International Pool Tour Inc.; K.T. Corporation Limited; KMT Fiduciary Trust; KT Capital Corporation; KT Radio Network Inc.; Natural Cures, Inc.; Natural Cures Health Institute; Natural Cures Holdings Inc.; NBT Trading Limited; N.T. Trading S.A.; Pool Licensing LLC; Sovereign Trust; The Whistle Blower, Inc.; TRUCOM, L.L.C.; Trudeau Approved Products Inc.; Trudeau Management Inc.; TruStar Marketing Corporation; Trustar Productions, Incorporated; Website Solutions Switzerland GmbH; and Website Solutions USA Inc.

(10) The words “**and**” and “**or**” shall be understood to have both conjunctive and disjunctive meanings.

(11) “**Any**” shall be construed to include “**all**,” and “**all**” shall be construed to include the word “**any**.”



**II. ASSET FREEZE**

It is ordered that Trudeau, the Trudeau Entities, and all persons and entities acting in concert with Trudeau, are enjoined from directly or indirectly:

(1) Transferring, liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or security interest in, or otherwise disposing of any Assets, wherever located, including outside the United States, that are:

(A) owned or controlled, directly or indirectly, in whole or in part, by Trudeau or any Trudeau Entity, or held, in whole or in part for the legal or equitable benefit of Trudeau or any Trudeau Entity;

(B) in the actual or constructive possession of Trudeau or any Trudeau Entity;  
or

(C) are owned, controlled by, or in the actual or constructive possession of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with Trudeau or any Trudeau Entity, including but not limited to, any Assets held by, for, or under the name of any Trudeau or any Trudeau Entity at any bank, savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution or depository of any kind.

(2) Opening or causing to be opened any safe deposit boxes titled in the name of Trudeau, any Trudeau entity, or any person or any entity acting in concert with Trudeau or any Trudeau Entity;

(3) Incurring charges or cash advances on any credit card, debit card, or checking card issued in the name, singly or jointly, of Trudeau or any Trudeau Entity;

(4) Obtaining a loan of any sort in the name, singly or jointly, of Trudeau or any Trudeau Entity; and

(5) Incurring liens or encumbrances on real property, personal property, or other Assets in the name, singly or jointly, of Trudeau or any Trudeau Entity.

Notwithstanding anything this order otherwise provides, the Receiver shall allow Trudeau sufficient funds and property for ordinary and necessary living expenses. The Receiver shall inform Plaintiff regarding these expenses, and any disputes regarding the propriety of these expenses shall be brought to the Court for resolution.

### **III. RETENTION OF ASSETS BY THIRD PARTIES**

It is further ordered that any financial or brokerage institution, escrow agent, title company, commodity trading company, trust, entity, or person that: (A) holds, controls or maintains custody of any account or Asset owned or controlled by Trudeau or any Trudeau Entity; (B) has held, controlled, or maintained custody of any account or Asset owned or controlled by Trudeau or any Trudeau Entity after September 13, 2007; or (C) has received any Asset (directly or indirectly) from Trudeau or any Trudeau Entity without consideration, shall:

(1) Hold and retain within its control and prohibit Trudeau, any person or entity acting in concert with Trudeau, and any Trudeau Entity from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling, gifting, or otherwise disposing of any Assets held by or on behalf of Trudeau or any Trudeau Entity in any account maintained in the name of or for the benefit of Trudeau or any Trudeau Entity, in whole or in part, except: (A) as directed by further order of the Court; or (B) as the Receiver directs in writing.

(2) Deny Trudeau, any Trudeau Entity, and any person or entity acting in concert with Trudeau or any Trudeau Entity, access to any safe deposit box subject to access by Trudeau, any Trudeau Entity, or any person or entity acting in concert with Trudeau or any Trudeau Entity.

(3) Provide the Receiver, Plaintiff's counsel and Trudeau, within the time set by the Receiver, a certified statement setting forth:

(A) the identification number of each such account or Asset titled: (i) in the name, individually or jointly, of Trudeau or any Trudeau Entity; (ii) held on behalf of, or for the benefit of, Trudeau or any Trudeau Entity; (iii) owned or controlled by Trudeau or any Trudeau

Entity; or (iv) otherwise subject to access by Trudeau or any Trudeau Entity, directly or indirectly, or by any person or entity acting in concert with Trudeau or any Trudeau Entity;

(B) the balance of each such account, or a description of the nature and value of such Asset as of the close of business on the day on which notice of this order is received, and, if the account or other Asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other Asset was remitted; and

(C) the identification of any safe deposit box titled in the name of Trudeau, any Trudeau Entity, anyone acting in concert with Trudeau or any Trudeau entity, or is otherwise subject to access by Trudeau, any Trudeau Entity, or any person or entity acting in concert with Trudeau or any Trudeau Entity; and

(D) if an account, safe deposit box, or other Asset has been closed or removed, the date closed or removed, the balance on such date, and the manner in which such account or Asset was closed or removed.

(4) Provide the Receiver, Plaintiff and Trudeau, within the time set by the Receiver, copies of all documents pertaining to such account or Asset, including but not limited to originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; *provided* that such institution or custodian may charge the Receiver a reasonable fee not to exceed five cents per page copied.

(5) Cooperate with all requests of the Receiver relating to this order's implementation.

(6) Provide any information required to be provided to the Receiver, Plaintiff, and Trudeau to:

(A) Robb Evans, Brick Kane, Kenton Johnson, and Anita Jen  
Robb Evans & Associates LLC  
robb\_evans@robbevens.com

brick\_kane@robbevans.com  
kenton\_johnson@robbevans.com  
anita\_jen@robbevans.com

- (B) Michael Mora, Jonathan Cohen, and Amanda Kostner  
Federal Trade Commission  
Enforcement Division, Bureau of Consumer Protection  
mmora@ftc.gov  
jcohen2@ftc.gov  
[akostner@ftc.gov](mailto:akostner@ftc.gov)
- (C) Kimball Anderson, Thomas Lee Kirsch, II, Katherine E. Rohlf  
Winston & Strawn  
[kanderson@winston.com](mailto:kanderson@winston.com)  
[tkirsch@winston.com](mailto:tkirsch@winston.com)  
[krohlf@winston.com](mailto:krohlf@winston.com)

#### **IV. APPOINTMENT OF RECEIVER**

It is further ordered that Robb Evans & Associates LLC is appointed as Receiver over Trudeau's Assets, the Trudeau Entities, and any affiliates or subsidiaries thereof controlled by Trudeau or any Trudeau Entity. The Receiver shall be the agent of this Court and solely the agent of this Court in acting as Receiver under this order. The Receiver shall be accountable directly to this Court.

#### **V. DUTIES AND AUTHORITY OF RECEIVER**

It is further ordered that the Receiver is directed and authorized to accomplish the following:

- (1) Marshal and hold Trudeau's Assets (including, without limitation, all personal Assets and all Assets of the Trudeau Entities) for the purpose of paying to Plaintiff the sum the Court ordered paid on June 2, 2010, *see* DE372;
- (2) Assume full control of any Trudeau Entity by removing, as the Receiver deems necessary or advisable, any director, officer, owner, independent contractor, employee, attorney, or agent of the Trudeau Entity from control of, management of, or participation in, the affairs of the Trudeau Entity;
- (3) Take exclusive custody, control and possession of all Assets and Documents of, or in the possession, custody, or under the control of, Trudeau and the Trudeau Entities, wherever situated. The Receiver shall have full power to divert mail and to sue for, collect,

receive, take in possession, hold, and manage all Assets and Documents of all Trudeau Entities and other persons or entities whose interests are now held by or under the direction, possession, custody, or control of any Trudeau Entity;

(4) Take all steps necessary to secure the Business Premises of any Trudeau Entity, which may include, but are not limited to, taking the following steps as the Receiver deems necessary or advisable: (A) providing notice of this order; (B) completing a written inventory of all receivership Assets; (C) obtaining pertinent information from all employees and other agents of the Trudeau Entity, including, but not limited to, the name, home address, social security number, job description, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent; (D) video-recording all portions of the location; (E) changing the locks and disconnecting any computer modems or other means of access to the computer or other Documents maintained at that location; or (F) requiring any persons present on the premises at the time this order is served to leave the premises, to provide the Receiver with proof of identification, and/or to demonstrate to the satisfaction of the Receiver that such persons are not removing from the premises Documents or Assets of the Trudeau Entity. Such authority shall include, but not be limited to, the authority to order Trudeau, anyone acting in concert with Trudeau, or any owner, director, or officer of any Trudeau Entity to remove him or herself from the Business Premises;

(5) If any property, record, document, or computer file relating to Trudeau's finances or business practices, or to the Trudeau Entities' finances or business practices, are located in Trudeau's personal residence, or in the personal residence of any person acting in concert with Trudeau, or are otherwise in the custody or control of Trudeau, any Trudeau Entity, or any person acting in concert with Trudeau or any Trudeau Entity, then such person or entity shall produce them to the Receiver within a time set by the Receiver.

(6) Choose, engage, and employ attorneys, accountants, appraisers, investigators, and other independent contractors and technical specialists, as the Receiver deems advisable or

necessary in the performance of duties and responsibilities under the authority granted by this Order;

(7) Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by Trudeau or any Trudeau Entity prior to the date of entry of this order, except payments that the Receiver deems necessary or advisable to secure Assets of Trudeau or any Trudeau Entity;

(8) Collect any money due or owing to Trudeau or to any Trudeau Entity including, without limitation, membership dues, salaries, and royalties payable to Trudeau or on behalf of Trudeau or persons or entities Trudeau controls;

(9) Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts that the Receiver deems necessary or advisable to preserve or recover the Assets of Trudeau or Trudeau Entity or to carry out the Receiver's mandate under this order;

(10) Defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings instituted against any Trudeau Entity or the Receiver, that the Receiver deems necessary or advisable to preserve the Assets of the receivership estate or to carry out the Receiver's mandate under this order;

(11) The Receiver will assume the attorney-client privilege, attorney work product protection, and similar rights belonging to Trudeau personally only to the extent accessing Trudeau's otherwise privileged or protected information will assist the Receiver in identifying and obtaining possession of Assets controlled, directly or indirectly, by Trudeau or any Trudeau Entity; subject to this limitation, however, the Receiver will assume the attorney-client privilege, attorney work product protection, and other similar rights belonging to Trudeau and any Trudeau Entity (including, without limitation, any attorney-client privilege and attorney work product

protection that may exist between Trudeau and any Trudeau Entity, on one hand, and the Law Offices of Marc J. Lane, a Professional Corporation, on the other).

(12) Continue and conduct the businesses of any Trudeau Entity, but only to the extent it is possible to operate such businesses legally and profitably (if the Receiver determines that a Trudeau Entity cannot be operated legally, the Receiver must (A) promptly notify the Court, Plaintiff, and Trudeau, and (B) seek the Court's permission to terminate the Entity's operations);

(13) Sell, liquidate, or auction any marketable Assets of Trudeau or the Trudeau Entities, or the Trudeau Entities themselves. For purposes of performing this task, the Receiver is authorized to obtain a tax identification number for a Qualified Settlement Fund as described in Internal Revenue Code Section 468B and Treasury Regulation Section 1.468-1;

(14) Take depositions and issue subpoenas to obtain documents and records pertaining to the receivership and compliance with this order. Subpoenas may be served by the Receiver's agents or attorneys and by agents of any process server the Receiver retains;

(15) Open one or more bank accounts as designated depositories for funds of Trudeau or any Trudeau Entity. The Receiver shall deposit all funds of Trudeau or any Trudeau Entity in such a designated account and shall make all payments and disbursements from the receivership estate from such an account;

(16) Maintain accurate records of all receipts and expenditures made by the Receiver.

## **VI. DELIVERY OF RECEIVERSHIP PROPERTY**

It is further ordered that immediately after receiving notice of this order, Trudeau, any Trudeau Entity, and any person or entity acting in concert with Trudeau or any Trudeau Entity, and (upon receiving notice of this order) any financial or brokerage institution or depository, escrow agent, title company, commodity trading company, or trust shall cooperate with all requests of the Receiver relating to implementation of this order, including, without limitation, transferring funds at the Receiver's direction, producing records related to the Assets and sales of Assets of Trudeau and the Trudeau Entities, and forthwith (or within such time as permitted by the Receiver in writing) deliver to the Receiver possession and custody of:

(1) All funds, Assets, and property of Trudeau and any Trudeau Entity, whether situated within or outside the territory of the United States, which are: (A) held by Trudeau or any Trudeau Entity, individually or jointly, (B) held for the benefit of Trudeau or any Trudeau Entity, or (C) under Trudeau or any Trudeau Entity's direct or indirect control, individually or jointly;

(2) All remuneration of any type paid to Trudeau from any source after June 26, 2013 must be remitted to the Receiver directly (and Trudeau is prohibited from receiving such remuneration);

(3) All Documents of Trudeau and all Trudeau Entities, including but not limited to all books and records of Assets including funds and property, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, records of ACH transactions, and check registers), corporate minutes, contracts, customer and consumer lists, title documents, and electronic records;

(4) All funds and other Assets belonging to members of the public now held by Trudeau or any Trudeau Entity;

(5) All keys, computer and other passwords, entry codes, combinations to locks required to open or gain access to any of the property or effects, and all monies in any bank deposited to the credit of Trudeau, any Trudeau Entity, and anyone acting in concert with either Trudeau or any Trudeau Entity, wherever situated; and

(6) Information identifying the accounts, employees, properties, or other Assets or obligations of Trudeau and any Trudeau Entity.

## **VII. COOPERATION WITH THE RECEIVER**

It is further ordered that Trudeau, the Trudeau Entities, and persons or entities acting in concert with Trudeau and any Trudeau Entity, shall cooperate with the Receiver fully. This cooperation shall include, but is not limited to:



- (1) Providing any information to the Receiver that the Receiver deems necessary to exercise the authority and discharge the responsibilities of the Receiver under this order;
- (2) Providing any password required to access any computer or electronic files or information in any medium;
- (3) Advising all persons who owe money to Trudeau or the Trudeau Entities that all debts should be paid directly to the Receiver;
- (4) Executing any Documents drawn by the Receiver to transfer all ownership, control and direction of any Trudeau Entities to the Receiver. Any dispute regarding the form of such documents should be brought to the Court's attention immediately;
- (5) Execute any Documents drawn by the Receiver to transfer any of Trudeau's Assets, and any of the Trudeau Entities' Assets, to the Receiver. Any dispute regarding the form of such documents should be brought to the Court's attention immediately;
- (6) Providing the Receiver with sworn statement(s) identifying any and all money and property transferred by or received by Trudeau or any Trudeau Entity to or from any source.

**VIII. ADDITIONAL RESTRAINTS**

It is further ordered that Trudeau, the Trudeau Entities, and anyone acting in concert with Trudeau or any Trudeau Entity is hereby restrained and enjoined from directly or indirectly:

- (1) Transacting any of the business of any Trudeau Entity without prior approval from the Court or the Receiver;
- (2) Excusing debts owed to Trudeau or any Trudeau Entity;
- (3) Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any Documents of Trudeau or any Trudeau Entity;
- (4) Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, Trudeau, any Trudeau Entity, anyone acting in concert with Trudeau or any Trudeau Entity, or the Receiver;

(5) Failing to notify the Receiver of any Asset of Trudeau or any Trudeau Entity held in any name other than the name of Trudeau or any Trudeau Entity, or by any person or entity other than Trudeau or any Trudeau Entity, or failing to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody, or control of such Assets; or

(6) Doing any act or thing whatsoever to interfere with the Receiver's taking and keeping custody, control, possession, or managing of the Assets or Documents subject to this receivership; or to harass or interfere with the Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the Assets or Documents of Trudeau or any Trudeau Entity; or to refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court.

(7) Nothing herein prohibits transfers to the Receiver that this order requires.

**IX. FOREIGN ASSET REPATRIATION**

It is further ordered that Trudeau and each Trudeau Entity shall take the following steps, but only with the Receiver's express prior authorization, and only pursuant to and in accordance with the Receiver's express instructions:

(1) Provide Plaintiff and the Receiver with a full accounting of all Assets outside of the United States that are held by (A) Trudeau or by any Trudeau Entity, (B) any person or entity holding such Assets for the benefit of Trudeau or any Trudeau Entity, and (C) any Assets under the direct or indirect control, individually or jointly, of Trudeau or any Trudeau Entity;

(2) Repatriate to the United States all such Assets;

(3) Hold and retain all such repatriated Assets, and prevent any disposition, transfer, or dissipation whatsoever of any such Assets, except as this order requires;

(4) Perform any act or acts (including, without limitation, the execution of any Documents) necessary to repatriate Assets; and

(5) Provide the Receiver with complete access to records and Documents held by financial institutions of any sort outside the United States.

**X. NON-INTERFERENCE WITH REPATRIATION**

It is further ordered that Trudeau, the Trudeau Entities, and any person or entity acting in concert with Trudeau or the Trudeau Entities (and which receives notice of this order), are hereby enjoined from taking any action, directly or indirectly, that may result in the encumbrance or dissipation of foreign Assets, or which hinders, in any way, the repatriation of those Assets.

This prohibition includes, without limitation:

(1) Sending any communication of any sort (including any communication that includes or refers to this order), or engaging in any act of any sort, that directly or indirectly results in any determination or decision by a foreign trustee, foreign trust protector, foreign enterprise of any sort (including any nonprofit enterprise), foreign financial institution, or foreign adjudicative body that Assets cannot be or will not be repatriated;

(2) Notifying any entity foreign trustee, foreign trust protector, foreign enterprise of any sort (including any nonprofit enterprise), foreign financial institution, or foreign adjudicative body of the existence of this order, or of the fact that repatriation is required pursuant to a court order, until such time as all Assets have been fully repatriated.

(3) Notifying anyone of any fact or information if the notice of such fact or information could reasonably be foreseen to hinder, prevent, or delay the repatriation of Assets for any reason.

**XI. RECEIVER'S PERIODIC REPORTS**

It is further ordered that, on September 6, 2013, and periodically thereafter as directed by the Court, the Receiver shall report (in writing) to Plaintiff, Trudeau, and the Court regarding the status of the receivership and whether the receivership is serving consumers' interests. The Receiver also may contact the Court *ex parte* regarding scheduling and administrative matters. Additionally, the Court will hold a status hearing on September 18, 2013, at 10:30 a.m.

**XII. COMPENSATION OF THE RECEIVER AND THE RECEIVER'S AGENTS**

It is further ordered:

(1) The Receiver, and agents the Receiver engages to implement this order, are entitled to reasonable compensation for the performance of duties undertaken pursuant to this order and for the cost of actual out-of-pocket expenses they incur.

(2) The Receiver may not receive compensation greater than the rate structure and terms outlined in the attachment to Plaintiff's proposal to the Court, *see* DE730 at PXA:1.

(3) Contemporaneously with the Receiver's Periodic Reports, the Receiver may file (or request Plaintiff to file) with the Court a request for payment.

(4) If the Court approves the Receiver's request for payment, the payment will come from Assets the Receiver has recovered pursuant to this order. If such funds are inadequate to compensate the Receiver, then payment to the receiver will come from the escrow account created pursuant to Section III of this Court's order (DE372) ("the Escrow Account") (except that the Receiver may not access money contributed to the Escrow Account after the date of entry of this order if the Court finds that such money was contributed to the Escrow Account from a third party genuinely independent from Trudeau or any Trudeau Entity). Trudeau, any Trudeau Entity, and Plaintiff will execute promptly any documents necessary so that funds from the Escrow Account can be paid to the Receiver.

(5) The Receiver is authorized to engage other professionals to accomplish this order's goals (including, without limitation, attorneys in foreign jurisdictions). The Receiver may use funds to pay reasonable and appropriate retainers necessary to engage such other professionals. With respect to the retainers paid to such other professionals, and with respect to fees and expenses paid to such other professionals, the Receiver shall first make these payments from Assets recovered pursuant to this order. If such funds are inadequate to compensate the other professionals, then the Receiver will make payments to the other professionals from the Escrow Account (except that the Receiver may not access money contributed to the Escrow Account after the date of entry of this order if the Court finds that such money was contributed to the Escrow Account from a third party genuinely independent from Trudeau or any Trudeau

Entity). Trudeau, any Trudeau Entity, and Plaintiff will execute promptly any documents necessary so that funds from the Escrow Account can be paid to such other professionals.

(6) Nothing herein alters the conduct restrictions that the Court imposed in Section III of its June 2, 2010 order (DE372) in the event that the amount of money in the Escrow Account falls below \$2 million.

(7) In no event will Plaintiff have any liability or responsibility for any costs, fees or any expenses in any way associated with the receivership.

**XIII. RECEIVER ACCESS TO BUSINESS PREMISES AND RECORDS**

It is further ordered that:

(1) Trudeau, the Trudeau Entities, and those acting in concert with Trudeau or the Trudeau entities shall allow the Receiver and its representatives, agents, contractors, or assistants, immediate access to any Business Premises.

(2) Trudeau, the Trudeau Entities, and those acting in concert with them shall allow the Receiver and its representatives, agents, contractors, or assistants to employ the assistance of law enforcement officers as deemed necessary to implement the provisions of this order peacefully.

(3) The Receiver may exclude Trudeau and any person or entity acting in concert with Trudeau or the Trudeau Entities from any Business Premises belonging to Trudeau or the Trudeau Entities.

(4) Trudeau, the Trudeau Entities, and any person or entity acting in concert with Trudeau or the Trudeau Entities shall provide the Receiver with any necessary means of access to documents, including, without limitation, the locations of Business Premises belonging to Trudeau or the Trudeau Entities, keys and combinations to Business Premises locks, computer access codes of all computers used to conduct business, and storage area access information.

**XIV. RECORDS PRESERVATION**

It is further Ordered that Trudeau, the Trudeau Entities, and any person or entity acting in concert with Trudeau or the Trudeau Entities (and which has received notice of this order) are restrained and enjoined from destroying, erasing, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, directly or indirectly, any Documents that relate to the business practices or finances of Trudeau or the Trudeau Entities.

**XV. BANKRUPTCY**

It is further ordered that, in light of the appointment of the Receiver, the Trudeau Entities are prohibited from filing petitions for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, or any other similar insolvency proceeding, without prior permission from this Court.

**XVI. STAY OF ACTIONS**

It is further ordered that:

(1) Except by leave of this Court, during the pendency of the Receivership ordered herein, Trudeau, all Trudeau Entities, all customers, principals, investors, creditors, stockholders, lessors, and other persons seeking to establish or enforce any claim, right or interest against or on behalf of Trudeau or any Trudeau Entity, and all others acting for or on behalf of Trudeau or the Trudeau Entities (including, without limitation, attorneys, trustees, agents, sheriffs, constables, marshals, and other officers and their deputies, and their respective attorneys, servants, agents and employees) are hereby stayed from:

(A) Commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed (i) in the instant case, or (ii) to toll any applicable statute of limitations;

(B) Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody, or control of any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any asset, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise; or

(C) Executing, issuing, serving, or causing the execution, issuance or service of, any legal process, including, but not limited to, attachments, garnishments, subpoenas, writs of replevin, writs of execution, or any other form of process whether specified in this Order or not; or

(D) Doing any act or thing whatsoever to interfere with the Receiver's taking custody, control, possession, or management of the assets or documents subject to this receivership; or to harass or interfere with the Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of Trudeau and the Trudeau Entities.

(2) This section does not stay:

(A) The commencement or continuation of a criminal action or proceeding;

(B) The commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power;

(C) The enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power;

(D) The commencement of any action by the Secretary of the United States Department of Housing and Urban Development to foreclose a mortgage or deed of trust in any case in which the mortgage or deed of trust held by the Secretary is insured or was formerly insured under the National Housing Act and covers property, or combinations of property, consisting of five or more living units; or

(E) The issuance to Trudeau or a Trudeau Entity of a notice of tax deficiency.

**XVII. CONSTRUCTION WITH OTHER ORDERS**

It is further ordered that nothing herein modifies or limits any prior order of the Court. For avoidance of doubt, nothing herein alters the conduct restrictions that the Court imposed in Section III of its June 2, 2010 order (DE372) in the event that the amount of money in the Escrow Account falls below \$2 million.

**XVIII. INCARCERATION**

It is further ordered that Trudeau's failure to comply fully and timely with this order will result in Trudeau's immediate incarceration until (A) such compliance is achieved; (B) Trudeau fully complies with this Court's June 2, 2010 order (DE372); (C) Trudeau establishes that he has no present ability to comply with the Court's June 2, 2010 order; or (D) Trudeau establishes that continued incarceration will not coerce him to comply with the Court's June 2, 2010 order.

**XIX. NOTICE**

It is further ordered that copies of this order may be served on any person or entity who or that may be subject to any provision of this order by any reasonable means including, without limitation, electronic mail, facsimile transmission, overnight courier, or service by any reasonable means to an attorney representing any person or entity that may be subject to any provision of this order. Service upon a branch or office of any entity (including, without limitation, a financial institution) shall constitute notice to the entire financial institution. Either the Receiver (and its agents, employees and attorneys) or Plaintiff (and its agents, employees, and attorneys) may provide notice pursuant to this section.

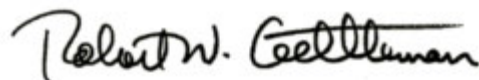
**XX. ACKNOWLEDGEMENT**

It is further ordered that, within three business days of notice of this order, Trudeau must submit to both Plaintiff and the Receiver a truthful sworn statement acknowledging receipt of this order. Additionally, within three business days of notice of this order, the officers, directors, trustees, owners, board members, and managing agents of any Trudeau Entity must submit to both Plaintiff and the Receiver a truthful sworn statement acknowledging receipt of this order.

**XXI. RETENTION OF JURISDICTION**

It is further ordered that this Court shall continue to retain jurisdiction over this matter for all purposes.

August 7, 2013



Robert W. Gettleman USDC Judge



**CERTIFICATE OF SERVICE**

I, Jonathan Cohen, hereby certify that on August 7, 2013, I caused to be served true copies of the foregoing by electronic means, by filing such documents through the Court's Electronic Case Filing System, which will send notification of such filing to:

Kimball Richard Anderson  
[kanderson@winston.com](mailto:kanderson@winston.com)

Thomas Lee Kirsch, II  
[tkirsch@winston.com](mailto:tkirsch@winston.com)

Katherine E. Rohlf  
[kcroswell@winston.com](mailto:kcroswell@winston.com)

/s/ Jonathan Cohen  
Jonathan Cohen (jcohen2@ftc.gov)  
Attorney for Plaintiff  
Federal Trade Commission

# **Exhibit 8**

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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND  
SOUTHERN DIVISION

FEDERAL TRADE COMMISSION, )  
)  
Plaintiff, )  
)  
v. ) Case No. 18-cv-  
) 3309-PJM  
ECOLOGICAL FOX, LLC, a )  
Maryland limited liability )  
company, et al., )  
)  
Defendants. )  
\_\_\_\_\_ )

DEPOSITION OF ANDRIS PUKKE  
LOS ANGELES, CALIFORNIA  
FEBRUARY 18, 2019

Pukke

FTC v. Ecological Fox, et al.

2/18/2019

1                               IN THE UNITED STATES DISTRICT COURT  
2                               FOR THE DISTRICT OF MARYLAND  
3                               SOUTHERN DIVISION  
4  
5 FEDERAL TRADE COMMISSION, )  
6                               Plaintiff,                    )  
7                               v.                                ) Case No. 18-cv-  
8                               ECOLOGICAL FOX, LLC, a     )                   3309-PJM  
9                               Maryland limited liability )  
10                              company, et al.,            )  
11                              Defendants.                    )  
12                              \_\_\_\_\_ )

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Deposition of ANDRIS PUKKE, taken on behalf of the Plaintiff, at 10900 Wilshire Boulevard, Suite 400, Los Angeles, California 90024, commencing at 10:05 A.M. on February 18, 2019, before Colleen McGovern, RPR, and Certified Shorthand Reporter No. 10360.

For The Record, Inc.  
(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Pukke

FTC v. Ecological Fox, et al.

2/18/2019

1 A P P E A R A N C E S :  
2  
3 FOR PLAINTIFF:  
4 FEDERAL TRADE COMMISSION  
BUREAU OF CONSUMER PROTECTION  
5 BY: BENJAMIN THEISMAN, ESQ.  
Division of Enforcement  
6 - and -  
AARON KAUFMAN,  
7 Paralegal Specialist  
Office of the Executive Director  
8 600 Pennsylvania Avenue N.W.  
Mailstop CC-9528  
9 Washington, D.C. 20580  
202.326.2223  
10 202.326.3456  
btheisman@ftc.gov  
11 akaufman@ftc.gov  
12 FOR DEFENDANT ANDRIS PUKKE:  
13 PIERCE, BAINBRIDGE, BECK, PRICE & HECHT  
BY: ERIC CREIZMAN, ESQ.  
14 - and -  
STEPHEN FARRELLY, ESQ.  
15 (Present Telephonically)  
747 Third Avenue  
16 Suite 2000  
New York, New York 10017  
17 212.972.0200  
212.484.9866 x214  
18 ecreizman@piercebainbridge.com  
sfarrelly@piercebainbridge.com  
19  
20 FOR DEFENDANT ATLANTIC INTERNATIONAL BANK LIMITED:  
DORSEY & WHITNEY  
21 BY: SHAWN LARSEN-BRIGHT, ESQ.  
(Present Telephonically  
22 701 Fifth Avenue  
Suite 6100  
23 Seattle, Washington 98104-7043  
206.903.2417  
24 larsen.bright.shawn@dorsey.com  
25

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1 A P P E A R A N C E S, cont.

2

3 FOR BRANDI GREENFIELD:

4 FERRENTINO & ASSOCIATES  
5 BY: CORREEN FERRENTINO, ESQ.  
(Present Telephonically)  
6 949 South Coast Drive  
Suite 250  
7 Costa Mesa, California 92626  
714.973.2024  
8 cori@ferrentinolaw.com

8

9 FOR PETER BAKER:

9

10 PETER BAKER, In Pro Per  
(Present Telephonically)  
11 peterbakerx@gmail.com

11

12

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1 I N D E X

2

3 WITNESS: ANDRIS PUKKE

4 EXAMINATION

PAGE

5 By Mr. Theisman

6

6

7

8

9 E X H I B I T S

10 NUMBER

DESCRIPTION

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| 2  | NUMBER                 | DESCRIPTION                        | PAGE |
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| 4  |                        | and Permanent Injunction as        |      |
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| 9  |                        | Development Vision, A              |      |
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| 11 |                        |                                    |      |
| 12 |                        |                                    |      |
| 13 |                        |                                    |      |
| 14 |                        | QUESTIONS INSTRUCTED NOT TO ANSWER |      |
| 15 |                        | (None)                             |      |
| 16 |                        |                                    |      |
| 17 |                        |                                    |      |
| 18 |                        |                                    |      |
| 19 |                        |                                    |      |
| 20 |                        | QUESTIONS MARKED                   |      |
| 21 |                        | (None)                             |      |
| 22 |                        |                                    |      |
| 23 |                        |                                    |      |
| 24 |                        |                                    |      |
| 25 |                        |                                    |      |

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2/18/2019

1 LOS ANGELES, CALIFORNIA  
2 MONDAY, FEBRUARY 18, 2019  
3 10:05 a.m.  
4

5 THE REPORTER: Do you solemnly state  
6 that the testimony you're about to give in the  
7 following deposition will be the truth, the whole  
8 truth, and nothing but the truth, so help you God?

9 THE WITNESS: Yes.  
10

11 ANDRIS PUKKE,  
12 the witness, was sworn and  
13 examined and testified as follows:  
14

15 EXAMINATION

16 BY MR. THEISMAN:

17 Q. So we're going on the record. I have  
18 some basic questions regarding name and address.

19 MR. CREIZMAN: Yes.

20 MR. THEISMAN: Do you want me to ask  
21 those first? I believe he has a prepared statement  
22 as well?

23 MR. CREIZMAN: Yes, you can ask those  
24 first, and then he'll read the prepared statement  
25 for the rest.

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1 Escrow; correct?

2 A. Based on my attorney's advice, I invoke  
3 the Fifth Amendment privilege.

4 Q. This included a document that was  
5 written by you; correct?

6 A. Based on my attorney's advice, I invoke  
7 the Fifth Amendment privilege.

8 Q. You've participated in a number of sales  
9 tours to sell Sanctuary Belize lots on-site at  
10 Sanctuary Belize; correct?

11 A. Based on my attorney's advice, I invoke  
12 the Fifth Amendment privilege.

13 Q. When you've participated in those tours,  
14 you frequently used the alias Marc Romeo; correct?

15 A. Based on my attorney's advice, I invoke  
16 the Fifth Amendment privilege.

17 Q. During at least some of the tours in  
18 which you participated, representatives from  
19 Atlantic International Bank Limited were present;  
20 correct?

21 A. Based on my attorney's advice, I invoke  
22 the Fifth Amendment privilege.

23 Q. The representatives from Atlantic Bank  
24 International Limited heard you or understood that  
25 you were using the name Marc Romeo; correct?

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1           A.       Based on my attorney's advice, I invoke  
2 the Fifth Amendment privilege.

3                   MR. LARSEN-BRIGHT: Objection to the  
4 form of the question.

5 BY MR. THEISMAN:

6           Q.       You've participated in many tours in  
7 Sanctuary Belize; correct?

8           A.       Based on my attorney's advice, I invoke  
9 the Fifth Amendment privilege.

10          Q.       You've participated in more than a dozen  
11 tours; correct?

12          A.       Based on my attorney's advice, I invoke  
13 the Fifth Amendment privilege.

14          Q.       You've participated in more than two  
15 dozen tours; correct?

16          A.       Based on my attorney's advice, I invoke  
17 the Fifth Amendment privilege.

18          Q.       You've participated in more than three  
19 dozen tours; correct?

20          A.       Based on my attorney's advice, I invoke  
21 the Fifth Amendment privilege.

22          Q.       During tours, you at times would sign  
23 sales contracts on behalf of Sanctuary Belize  
24 Enterprise; correct?

25          A.       Based on my attorney's advice, I invoke

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1 the Fifth Amendment privilege.

2 Q. During tours, you would negotiate terms  
3 for the sale of lots in Sanctuary Belize; correct?

4 A. Based on my attorney's advice, I invoke  
5 the Fifth Amendment privilege.

6 Q. You negotiated the terms of the sale of  
7 lots in Sanctuary Belize because you had control and  
8 authority to sell lots in Sanctuary Belize; correct?

9 A. Based on my attorney's advice, I invoke  
10 the Fifth Amendment privilege.

11 Q. Your father's name was Janis Pukke;  
12 correct?

13 A. Based on my attorney's advice, I invoke  
14 the Fifth Amendment privilege.

15 Q. At times, he may have gone by the name  
16 John Pukke; correct?

17 A. Based on my attorney's advice, I invoke  
18 the Fifth Amendment privilege.

19 Q. Your father passed away several years  
20 ago; correct?

21 A. Based on my attorney's advice, I invoke  
22 the Fifth Amendment privilege.

23 Q. You were the executor of his estate;  
24 correct?

25 A. Based on my attorney's advice, I invoke

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2/18/2019

1 the Fifth Amendment privilege.

2 Q. The estate of your father is known as  
3 the Estate of John Pukke; correct?

4 A. Based on my attorney's advice, I invoke  
5 the Fifth Amendment privilege.

6 Q. The Estate of John Pukke has had more  
7 than one bank account; correct?

8 A. Based on my attorney's advice, I invoke  
9 the Fifth Amendment privilege.

10 Q. Each of the bank accounts held in the  
11 name of the Estate of John Pukke has had you listed  
12 as a signer; correct?

13 A. Based on my attorney's advice, I invoke  
14 the Fifth Amendment privilege.

15 Q. You have had control and access to all  
16 accounts that were held in the name of the Estate of  
17 John Pukke; correct?

18 A. Based on my attorney's advice, I invoke  
19 the Fifth Amendment privilege.

20 Q. The Estate of John Pukke was created in  
21 2010; correct?

22 A. Based on my attorney's advice, I invoke  
23 the Fifth Amendment privilege.

24 Q. For years following 2010, Sanctuary  
25 Belize Enterprise defendants would make large

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Pukke

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1 transfers of money to accounts held in the name of  
2 the Estate of John Pukke; correct?

3 A. Based on my attorney's advice, I invoke  
4 the Fifth Amendment privilege.

5 Q. You would make use of the money  
6 transferred to the Estate of John Pukke for your own  
7 personal use; correct?

8 A. Based on my attorney's advice, I invoke  
9 the Fifth Amendment privilege.

10 Q. You would use the money transferred to  
11 the Estate of John Pukke to pay expenses for your  
12 brother Eriks Pukke, as well as other family  
13 members; correct?

14 A. Based on my attorney's advice, I invoke  
15 the Fifth Amendment privilege.

16 Q. The Estate of John Pukke performed no  
17 services to the Sanctuary Belize Enterprise in  
18 exchange for the payments it received; correct?

19 A. Based on my attorney's advice, I invoke  
20 the Fifth Amendment privilege.

21 Q. Your father, John Pukke or Janis Pukke,  
22 performed no services for the Sanctuary Belize  
23 Enterprise while he was alive; correct?

24 A. Based on my attorney's advice, I invoke  
25 the Fifth Amendment privilege.

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1 Q. Your father, John Pukke or Janis Pukke,  
2 had no ownership interest in the Sanctuary Belize  
3 Enterprise while he was alive; correct?

4 A. Based on my attorney's advice, I invoke  
5 the Fifth Amendment privilege.

6 Q. At times, in the marketing of Sanctuary  
7 Belize lots, the SBE, at your direction, would tout  
8 that it had won certain International Property  
9 Awards; correct?

10 A. Based on my attorney's advice, I invoke  
11 the Fifth Amendment privilege.

12 Q. These International Property Awards were  
13 not legitimate awards; correct?

14 A. Based on my attorney's advice, I invoke  
15 the Fifth Amendment privilege.

16 Q. These International Property Awards were  
17 received for payment to the people who run the  
18 international property awards; correct?

19 A. Based on my attorney's advice, I invoke  
20 the Fifth Amendment privilege.

21 Q. These International Property Awards are  
22 not indicative of a quality development; correct?

23 A. Based on my attorney's advice, I invoke  
24 the Fifth Amendment privilege.

25 Q. The independent -- sorry. Take that

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1 back.

2 The International Property Awards were  
3 not received for any merit that Sanctuary Belize may  
4 have had; correct?

5 A. Based on my attorney's advice, I invoke  
6 the Fifth Amendment privilege.

7 Q. You know that the International Property  
8 Awards were received primarily for payments that the  
9 SBE made to the operators of the International  
10 Property Awards; correct?

11 A. Based on my attorney's advice, I invoke  
12 the Fifth Amendment privilege.

13 Q. You know that, absent payment to the  
14 International Property Awards, SBE would never have  
15 received an award or the Sanctuary Belize  
16 Development; correct?

17 A. Based on my attorney's advice, I invoke  
18 the Fifth Amendment privilege.

19 Q. Angela Chittenden is your girlfriend?

20 A. Based on my attorney's advice, I invoke  
21 the Fifth Amendment privilege.

22 Q. Angela Chittenden was your girlfriend?

23 A. Based on my attorney's advice, I invoke  
24 the Fifth Amendment privilege.

25 Q. Both you and Angela Chittenden would

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1 tell people that you were married; correct?

2 A. Based on my attorney's advice, I invoke  
3 the Fifth Amendment privilege.

4 Q. You were not, in fact, legally married  
5 to Angela Chittenden; correct?

6 A. Based on my attorney's advice, I invoke  
7 the Fifth Amendment privilege.

8 Q. You were not legally married to Angela  
9 Chittenden as a way of continuing to hide assets;  
10 correct?

11 A. Based on my attorney's advice, I invoke  
12 the Fifth Amendment privilege.

13 Q. You would transfer assets to Angela  
14 Chittenden in order to remove them from attachment  
15 to your liabilities; correct?

16 A. Based on my attorney's advice, I invoke  
17 the Fifth Amendment privilege.

18 Q. You knew that, if you had been married  
19 to Angela Chittenden, assets held in her name would  
20 be community property; correct?

21 A. Based on my attorney's advice, I invoke  
22 the Fifth Amendment privilege.

23 Q. If it were not for your previous  
24 liabilities, including the FTC's judgment against  
25 you in AmeriDebt, you would have been married

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND  
SOUTHERN DIVISION**

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**[PROPOSED] ORDER REFORMING AND REAFFIRMING THE FINAL ORDERS**

Following remand, the Federal Trade Commission (“FTC”) has moved the Court to enter an order reforming and reaffirming the Final Orders, DE 1194 and 1112, including requiring the Defendants to turn over assets to either the FTC or the Receiver in accordance with the monetary provisions in DE 1194 and 1112. The Court **GRANTS** this motion and holds that all of the transfer and turnover obligations remain in force and, consequently, so does the Receivership, which must marshal and manage assets both to effectuate the permanent injunctions against the Defendants and to compensate victims. More specifically, **IT IS HEREBY ORDERED:**

- A. The contempt judgment against Andris Pukke and Peter Baker detailed in DE 1113 ¶¶ 4 and 6 supports all of the monetary relief and related provisions directed at or related to them in Sections IV and V of DE 1194, as well as all other necessary provisions to give effect to these provisions, including, but not limited to, Sections VI, VII, and VIII of DE 1194.
- B. The monetary judgment against John Usher in Section IV.A of DE 1112, and all subsequent provisions, remain in effect because they were never vacated by the Fourth Circuit. Additionally, the contempt judgment against John Usher detailed in DE 1113 ¶¶ 4 and 6 supports all of the monetary relief and related provisions directed at or related to him in Sections IV and V of DE 1112, as well as all other necessary provisions to give

effect to these provisions, including, but not limited to, Sections VI, VII, and VIII of DE 1112.

- C. The monetary judgments against Global Property Alliance, Inc., Sittee River Wildlife Reserve, Buy Belize, LLC, Buy International, Inc., Foundation Development Management, Inc., Eco-Futures Development, Eco-Futures Belize Limited, Newport Land Group, LLC, Power Haus Marketing, Sanctuary Belize Property Owners' Association, and the Estate of John Pukke ("Defaulting Defendants") contained in Sections IV.A and IV.B of DE 1112 remain in effect because the Fourth Circuit did not vacate these judgments.
- D. Because the Defaulting Defendants are directly or indirectly owned or controlled, individually or in combination, by Andris Pukke, Peter Baker, and John Usher, and those three individuals remain subject to the contempt judgment detailed in DE 1113 ¶¶ 4 and 6, the Defaulting Defendants and all assets that they directly or indirectly own or control must be turned over to satisfy the contempt judgment against Andris Pukke, Peter Baker, and John Usher in accordance with Sections IV and V of DE 1112.
- E. The monetary judgments in Section IV.A of DE 1194 and Sections. IV.A and IV.B of DE 1112 against Andris Pukke, Peter Baker, John Usher, and the Defaulting Defendants are separately supported by Section 19 of the FTC Act, 15 U.S.C. §§ 57b(a)(1) & 57b(b), as a result of their violations of the Telemarketing Sales Rule, 16 C.F.R. Part 310, which harmed consumers in the same amount as their violations of Section 5 of the FTC Act, 15 U.S.C. § 45.

F. For the reasons set forth herein, Andris Pukke, Peter Baker, John Usher, and the Defaulting Defendants are obligated to relinquish, transfer, and turn over all assets that they directly or indirectly own or control, including the Defaulting Defendants and any assets those entities directly or indirectly own or control, in accordance with Sections IV and V of DE 1194 and Sections IV and V of DE 1112, until the judgments against them are satisfied in full.

G. Unless otherwise expressly set forth herein, all provisions in DE 1194 and DE 1112 remain in full force and effect, including, but not limited to, Sections IV, V, VI, VII, and VIII of DE 1194 and Sections IV, V, VI, VII, and VIII of DE 1112.

**SO ORDERED**, this \_\_\_\_ day of \_\_\_\_\_, 2023.

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UNITED STATES DISTRICT JUDGE